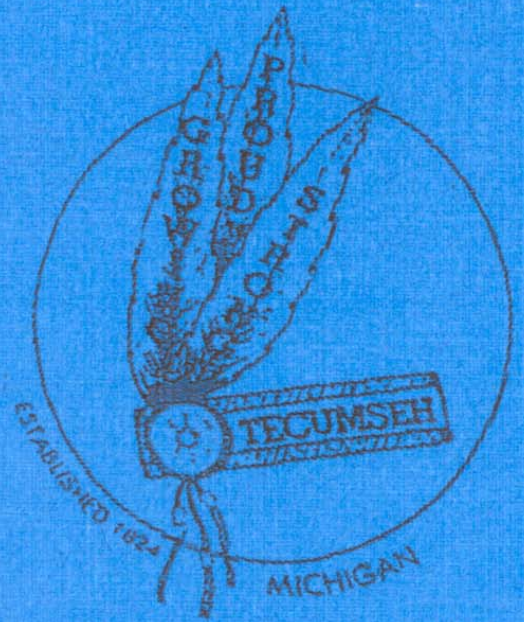


City of

TECUMSEH

MICHIGAN



**Comprehensive
Annual
Financial
Report**

Year End June 30, 2008

CITY OF TECUMSEH, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2008**

Prepared by:
Treasurer's Department

CITY OF TECUMSEH, MICHIGAN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008

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INTRODUCTORY SECTION



October 17, 2008

To the Honorable Mayor, Members of the City Council
and Citizens of the City of Tecumseh:

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2008.

Management assumes full responsibility for the completeness and reliability of all of the information contained in this report, based on a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Rehmann Robson, a firm of licensed certified public accountants, has issued an unqualified opinion on the City of Tecumseh's financial statements for the year ended June 30, 2008. The independent auditor's report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Tecumseh, founded in 1824 and incorporated as a city in 1954, is located in southeast Michigan. The City currently has a land area of approximately 5.4 square miles and a population of 8,574 based on the 2000 census. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The government also has the power by state statute to extend its corporate limits by annexation, which is done periodically, when deemed appropriate by the City Council.

The City has operated under the council-manager form of government since 1954. Policymaking and legislative authorities are vested in the governing council, a seven-member council including the mayor. The governing council is responsible, among other things, for passing ordinances and resolutions; making public policy decisions; confirming the appointments of department heads; adopting annual budgets; appointing boards, commissions, and committees; approving contracts; authorizing real estate transactions; approving payments; awarding bids; selling personal property; and hiring the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for supervising the day-to-day operations of the government, and for appointing the heads of the government's departments. The council is elected on a non-partisan basis. Council members are elected to two-year staggered terms with three council members elected each year. The mayor is elected to two-year terms. The mayor and council members are elected at-large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events. The City is also financially accountable for certain legally separate entities, which are reported separately within the City's financial statements. Additional information on each of these legally separate entities can be found in the notes to the basic financial statements.

The City Council is required to adopt a final budget prior to the start of the fiscal year to which it pertains. This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function and department. Department heads may transfer resources within a department as they see fit. Transfers between departments, however, require approval of the governing council.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the environment within which the City operates as described below:

Local economy. The City currently sees a challenging economic environment and local indicators point to continued challenges; despite the current national unemployment rate of 6.1%, Lenawee County is experiencing over 4% over the national rate and is 3% higher than it was last year at this time. The region does have a varied manufacturing and industrial base that contributes to the unemployment rate. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include printing companies, electrical controls, automobile component manufacturers, and several financial institutions. The City has recently attracted a new manufacturing firm into the existing Tecumseh Products building; this will result in at least 500 direct jobs and another 625 indirect jobs.

The government's central business district dropped slightly to its current 95.4 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses. Meanwhile, the residential growth has continued to slow.

Some of the industrial business base within the City continue to see market forces negatively impact them, both from a business statement and an employment standpoint. The City continues to work with these businesses to offer any type of assistance it can.

Long-term financial planning. Continued economic development looks challenging, but favorable for the future. The Economic Development Department is promoting additional commercial development projects and implementing an economic enhancement strategy, which primarily targets the downtown and west end commercial districts. The West Chicago Boulevard area continues to experience increased commercial and residential development in the near future.

These trends are also impacted, in large measure, however, by other factors. The increase in the assessed value of taxable property in the City continues to be constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5% or the rate of inflation, whichever is less). Taken together, these fiscal factors create a trend toward ever-tightening budgets under which the City must operate.

Finally, an increasing financial challenge for the City is the cost of employee benefits, especially for medical insurance and from limited investment income in the employees retirement system. Together, these two issues impose increasing burdens on the City's fiscal structure and pose a possible peril to the long-term stability of City finances. Greater revenue growth or cost containment measures may be necessary to mitigate future stress on City finances.

Relevant financial policies. The City has recently reviewed some of its financial policies and procedures and made changes to ensure that adequate controls are in place. While the City's auditor has indicated that there needs to be more separation of duties established in the Treasurer's Department, this would be difficult to accomplish without hiring additional staff. Additionally, the City has implemented numerous controls to compensate for the limits on separate controls, which include:

1. Department heads approving and signing all invoices before being processed.
2. The City Manager approving all invoices and the check register.
3. City Council and the City Manager approving a numerical check register that is continuous from the previous meeting.
4. Purchase requests are required and signed by the City Manager for purchases of \$1,000 or more.
5. An employee, other than the preparer, reviews and verifies all journal entries, bank reconciliations, transfers, cash disbursements, cash sheets and deposits by signing and dating.
6. All electronic transfers are approved by the City Manager, who has access to the City's bank accounts online to review at any time.
7. All cash is locked in a safe in the vault with only the Treasurer's Department and Clerk's employees having the combination.
8. All cash is transported from outside departments to City Hall in sealed tamper proof deposit bags and to the bank by the police department in a locked bank bag.
9. All refunds and credits are approved by the Department head or City Manager.

With these controls in place, we believe the risk associated with the lack of separation of duties is lower than the cost associated with having additional staff. When the auditor has suggested a way to reduce risk of fraud, the City has implemented whenever possible. However, we will continue to identify controls and consider future separation of duties.

The city has set a goal of maintaining at least a 15% fund balance in the general fund.

Major initiatives. The City purchased 160 acres of land in 2004 intended for industrial usage. The park, called the Tecumseh Business and Technology Campus is the last contiguous parcel of land that could be used to attract additional non-residential tax base. The City recently received a \$1.2 million grant to develop 55 acres of this property.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tecumseh for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2007. This was the 11th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We wish to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Tecumseh's finances.

Respectfully submitted,

Kevin M. Welch
City Manager

Dianne M. Burnett
Treasurer

(Signatures not shown for security purposes.)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tecumseh
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



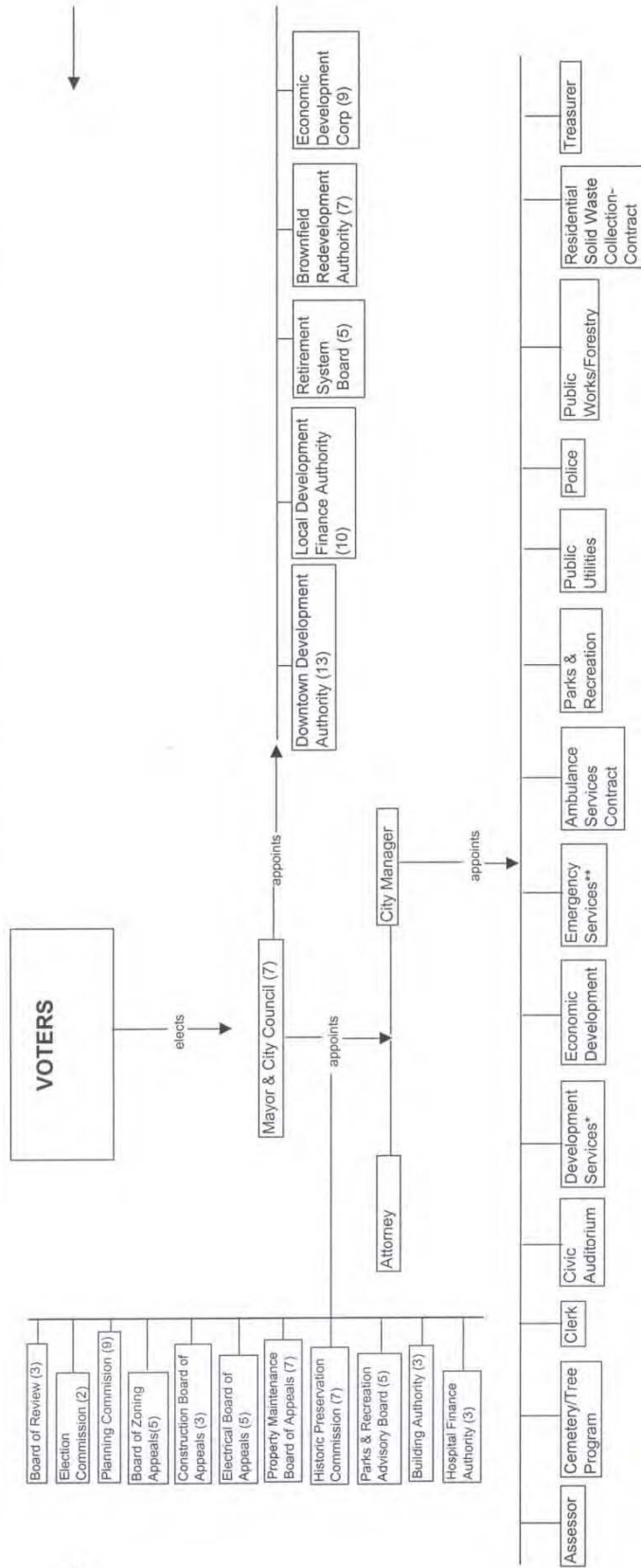
Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF TECUMSEH ORGANIZATION Citizens/Taxpayers/Residents



*Building, Electrical, and Mechanical Permits, Zoning Administration, Code Enforcement
& Soil Erosion

**Fire, Rescue & Hazardous Materials

Cultural, Traditional, Economics, Financial, Legal, Political, & Social Parameters and Values

CITY OF TECUMSEH, MICHIGAN
List of Elected and Appointed Officials
For the Fiscal Year Ended June 30, 2008

Elected Officials

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member
Council Member
Council Member

Harvey E. Schmidt
Patricia A. Housekeeper
Laurence Van Alstine, Jr.
Jackson L. Baker
Mary Deming
Richard Johnson
Gary Naugle

Appointed Officials

Manager
Assessor
Cemetery Superintendent
Clerk
Civic Auditorium Executive Director
Development Services Director
Public Works Superintendent
Emergency Services Chief
Parks & Recreation Director
Police Chief
Superintendent of Utilities
Treasurer
Economic Development Director

Kevin M. Welch
Amanda Lacelle
Dan Righter
Laura Caterina
Johanna B. Walker
Bradley Raymond
Duaine Wells
Joseph C. Tuckey
Pat Paul Sorise
Macklin Haun
Todd Amstutz
Dianne M. Burnett
Paula Holtz

FINANCIAL SECTION



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



INDEPENDENT AUDITORS' REPORT

October 17, 2008

The Honorable Mayor and
Members of the City Council
City of Tecumseh
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **CITY OF TECUMSEH, MICHIGAN**, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tecumseh, Michigan, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3-14 and the employees' retirement system information on page 58 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tecumseh's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, stylized 'L' at the beginning.

MANAGEMENT'S DISCUSSION and ANALYSIS

Management's Discussion and Analysis

As management of the *City of Tecumseh, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$31,067,113 (*net assets*). Of this amount, \$1,054,779 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$165,805.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,165,558, an increase of \$371,220 in comparison with the prior year. Approximately 65 percent of this total amount, or \$3,372,754, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,248,996 or 22 percent of total general fund expenditures and transfers out
- The City's total bonded debt increased by a net amount of \$1.3 million during the current fiscal year; \$1.38 million of new debt was issued during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, parks and recreation, community development and operation of the civic auditorium. The business-type activities of the City include water and sanitary sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The City of Tecumseh Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, local street, business and technology park capital project, and civic auditorium trust funds, each of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 18-24 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its wastewater and water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its public works and general maintenance equipment. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the wastewater and water operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 25-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to a schedule concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 58 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 59-71 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Tecumseh, assets exceeded liabilities by \$31,067,113 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (86.0 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (10.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (3.4 percent or \$1,054,779) may be used to meet the government's ongoing obligations.

City of Tecumseh's Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 5,788,917	\$ 5,308,286	\$ 1,701,223	\$ 2,079,230	\$ 7,490,140	\$ 7,387,516
Capital assets	16,348,851	16,269,197	12,195,351	11,081,909	28,544,202	27,351,106
Total assets	22,137,768	21,577,483	13,896,574	13,161,139	36,034,342	34,738,622
Long-term liabilities outstanding	3,070,443	3,058,821	1,508,586	180,729	4,579,029	3,239,550
Other liabilities	332,125	213,420	56,075	52,734	388,200	266,154
Total liabilities	3,402,568	3,272,241	1,564,661	233,463	4,967,229	3,505,704
Net assets:						
Invested in capital assets, net of related debt	15,908,055	15,811,861	10,815,479	11,016,909	26,723,534	26,828,770
Restricted	2,246,052	2,623,049	1,042,748	1,540,395	3,288,800	4,163,444
Unrestricted	581,093	(129,668)	473,686	370,372	1,054,779	240,704
Total net assets	<u>\$ 18,735,200</u>	<u>\$ 18,305,242</u>	<u>\$ 12,331,913</u>	<u>\$ 12,927,676</u>	<u>\$ 31,067,113</u>	<u>\$ 31,232,918</u>

At the end of the current fiscal year, the City reports positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. Positive balances for all categories, except for the governmental activities unrestricted net assets, were reported the prior fiscal year. The primary reason for the deficit balance in the prior year was because the primary government incurred \$2.15 million of new debt to purchase land during fiscal 2005, but title to the land was transferred to the Tecumseh Economic Development Corporation. As a result the primary government reports the long-term liability, but not the related capital asset in its financial statements.

The government's net assets decreased by \$165,805 during the current fiscal year as compared to an increase of \$251,882 in the prior year. The primary reason for this decrease was a decline in capital grants and contributions and inflationary increases in expenses.

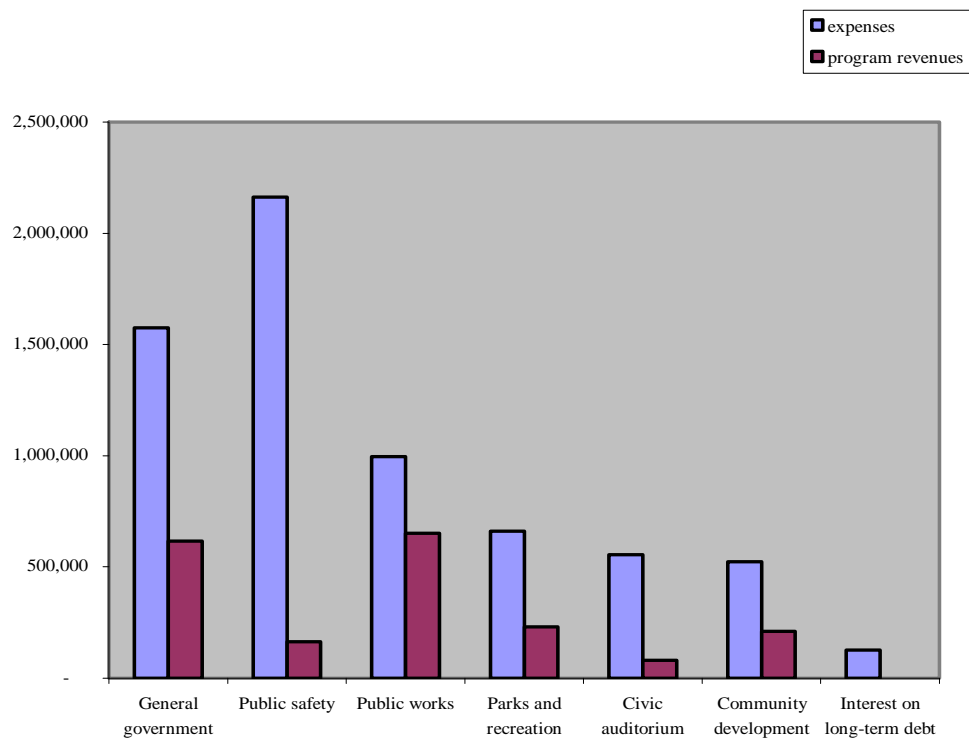
City of Tecumseh's Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenue:						
Program revenue:						
Charges for services	\$ 882,815	\$ 877,679	\$ 1,535,976	\$ 1,548,270	\$ 2,418,791	\$ 2,425,949
Operating grants and contributions	1,030,456	801,648	-	-	1,030,456	801,648
Capital grants and contributions	76,141	380,302	39,383	49,028	115,524	429,330
General revenue:						
Property taxes	4,078,900	4,056,239	-	-	4,078,900	4,056,239
Grants and contributions not restricted to specific programs	797,401	815,190	-	-	797,401	815,190
Other	184,636	214,897	82,707	101,524	267,343	316,421
Total revenue	<u>7,050,349</u>	<u>7,145,955</u>	<u>1,658,066</u>	<u>1,698,822</u>	<u>8,708,415</u>	<u>8,844,777</u>
Expenses:						
General government	1,523,991	1,624,898	-	-	1,523,991	1,624,898
Public safety	2,351,821	2,206,194	-	-	2,351,821	2,206,194
Public works	1,231,859	1,082,985	-	-	1,231,859	1,082,985
Parks and recreation	746,924	751,336	-	-	746,924	751,336
Civic auditorium	507,926	501,271	-	-	507,926	501,271
Community development	611,858	531,668	-	-	611,858	531,668
Interest on long-term debt	111,211	113,637	-	-	111,211	113,637
Wastewater	-	-	1,169,574	1,166,237	1,169,574	1,166,237
Water	-	-	630,631	630,444	630,631	630,444
Total expenses	<u>7,085,590</u>	<u>6,811,989</u>	<u>1,800,205</u>	<u>1,796,681</u>	<u>8,885,795</u>	<u>8,608,670</u>
Increase in net assets before contributions to permanent funds	(35,241)	333,966	(142,139)	(97,859)	(177,380)	236,107
Contributions to permanent funds	11,575	15,775	-	-	11,575	15,775
Transfers	453,624	-	(453,624)	-	-	-
Increase (decrease) in net assets	<u>429,958</u>	<u>349,741</u>	<u>(595,763)</u>	<u>(97,859)</u>	<u>(165,805)</u>	<u>251,882</u>
Net assets - beginning of year	<u>18,305,242</u>	<u>17,955,501</u>	<u>12,927,676</u>	<u>13,025,535</u>	<u>31,232,918</u>	<u>30,981,036</u>
Net assets - end of year	<u><u>\$ 18,735,200</u></u>	<u><u>\$ 18,305,242</u></u>	<u><u>\$ 12,331,913</u></u>	<u><u>\$ 12,927,676</u></u>	<u><u>\$ 31,067,113</u></u>	<u><u>\$ 31,232,918</u></u>

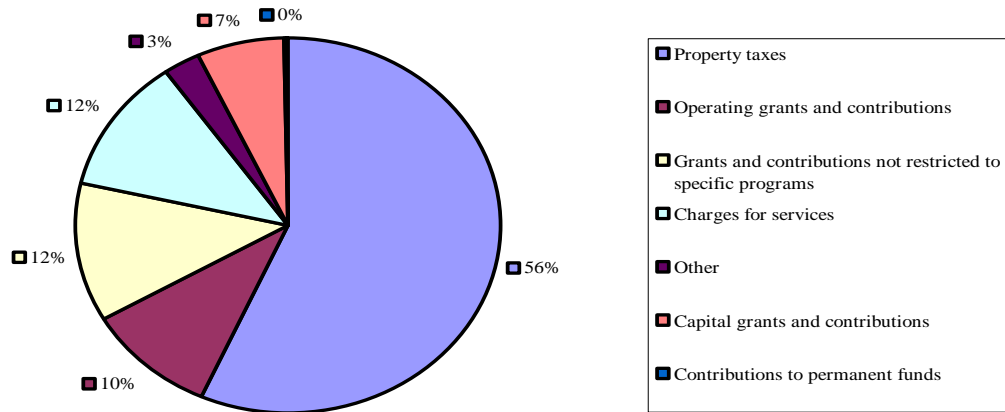
Governmental activities. Governmental activities increased the City's net assets by \$429,958 in the current fiscal year; by comparison, in the prior year governmental activities net assets increased by \$349,741, a change of roughly \$80,000. Key elements of this change include:

- Expense reductions from health care and other line items such as liability insurance and utilities.
- Capital improvement projects that were deferred until later years.

Expenses and Program Revenues - Governmental Activities

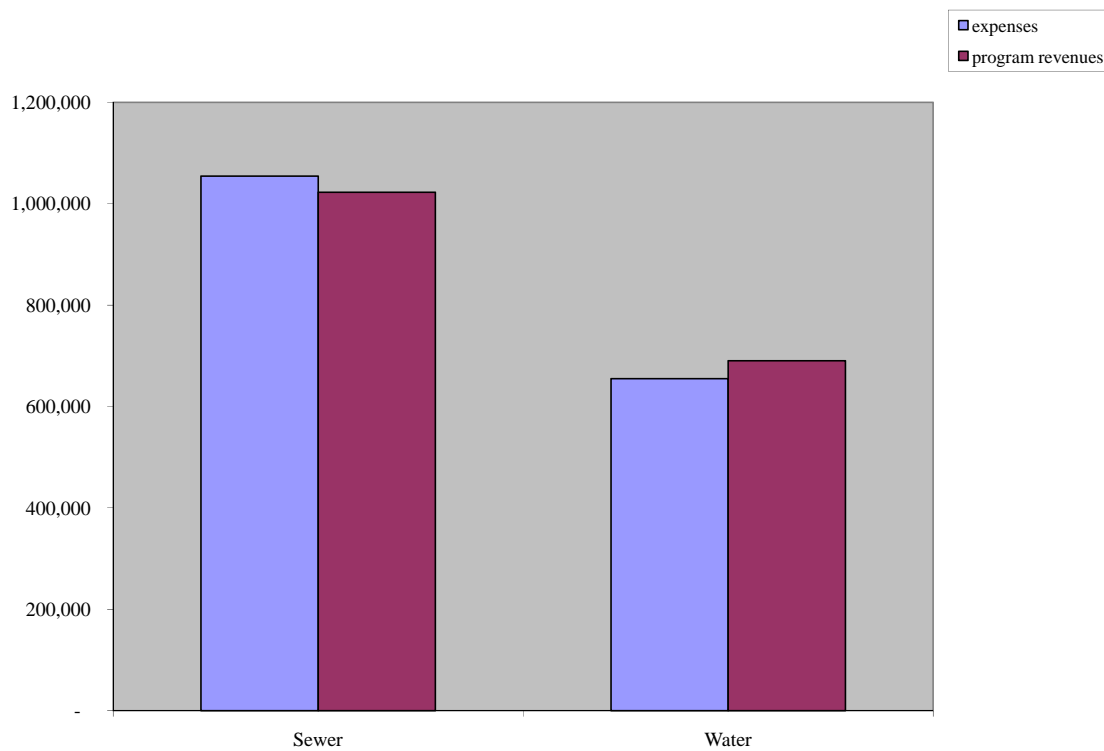


Revenues by Source - Governmental Activities

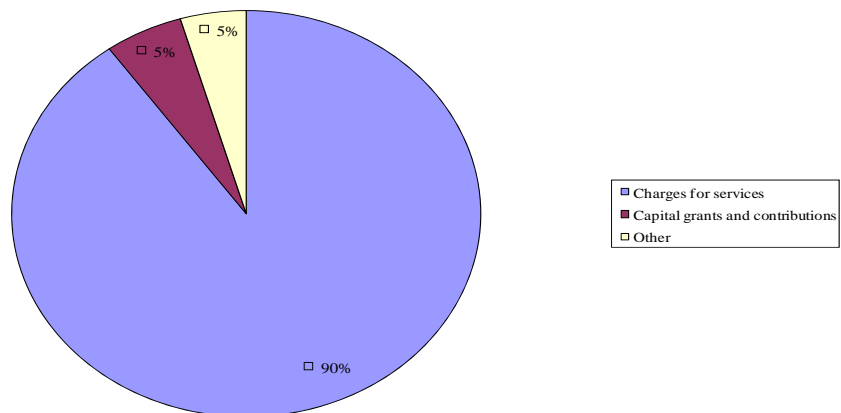


Business-type activities. Business-type activities reduced the City's net assets by \$595,763 as compared to a decrease of \$97,859 in the previous fiscal year. The key element of the difference between fiscal years was transfers totaling \$453,624 from the wastewater and water activities to support the business and technology park project.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,165,558, an increase of \$371,220 in comparison with the prior year. Approximately 65% of this total amount (\$3,372,754) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: a) generate income for the support and maintenance of the civic auditorium (\$1,203,774); b) generate income to pay for the perpetual care of the municipal cemetery (\$481,050); c) acquire public safety equipment and training (\$23,193); and d) construct/equip a new park (\$84,787).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,248,996, while total fund balance was \$1,356,976. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 22 percent of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$128,425 during the current fiscal year, as compared to an increase of \$72,861 for the previous fiscal year. In accounting for this change, property tax revenue increased approximately \$115,000 (or 3.0 percent); investment earnings decreased roughly \$28,000; contributions decreased about \$280,000; interest expense decreased by \$1,300; transfers out decreased by nearly \$172,000; and proceeds from the sale of capital assets increased by over \$6,000. Other revenues, expenditures and other financing sources varied marginally up and down in comparison with the prior year.

The local street special revenue fund ended the year with a total fund balance of \$92,089, a decrease of \$95,491 following the completion of a significant set of planned construction and maintenance projects during the year.

The business and technology park capital projects fund, which was established during the current year to account for this project to facilitate economic development in the City and area, reported an increase in fund balance of \$1,104,584, primarily through transfers from various governmental and enterprise funds. These monies will be spent during fiscal 2009 and 2010 on project infrastructure costs.

The civic auditorium trust fund, a permanent fund, has a fund balance of \$1,203,774, which is entirely reserved to generate future income for operations of the civic auditorium. During fiscal 2008, the fund transferred \$48,199 to the civic auditorium from current year earnings. By the terms of the trust agreement that provided the original contribution of \$1,000,000 from a local private foundation, any interest earnings not expended on a calendar year basis must be added to the principal balance.

Proprietary funds. The City's proprietary funds provide the same type of information found in the business-type activities of the government wide financial statements, but in more detail.

Unrestricted net assets of the wastewater and water funds at the end of the year amounted to \$332,790 and \$186,656, respectively. The wastewater fund had a decrease in total net assets for the year of \$329,630, whereas the water fund had a decrease of \$263,369. Both of these decreases were due in large measure to transfers totaling \$453,624 to the business and technology park capital project for infrastructure improvements; when the project is completed, however, the wastewater and water funds will record capital contributions in amounts commensurate with the current year transfers out. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures were relatively minor and spread across various functions/departments. Most noteworthy of which was a decrease of \$55,400 for debt service principal reflecting the last payment for the purchase of two downtown buildings that were demolished to expand the downtown public parking lot.

For fiscal 2008, the budgetary estimate for the net change in fund balance was an increase of \$53,554; the actual increase was \$128,425 (or a difference of \$74,871).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounted to \$28,544,202 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 4.4 percent (a 0.5 percent increase for governmental activities and a 10.0 percent increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Upgrades at the wastewater treatment plant of \$1,379,608.
- Major and local street infrastructure construction projects amounting to \$306,873.
- Final costs totaling \$237,497 for the acquisition of a new fire truck.

City of Tecumseh's Capital Assets
(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 2,567,873	\$ 2,528,273	\$ -	\$ -	\$ 2,567,873	\$ 2,528,273
Land improvements	1,078,746	1,098,762			1,078,746	1,098,762
Buildings and systems	3,138,646	3,296,136	10,769,595	11,019,829	13,908,241	14,315,965
Vehicles	530,422	570,139	-	-	530,422	570,139
Equipment	1,133,325	993,683	46,148	62,080	1,179,473	1,055,763
Infrastructure	7,899,839	7,782,204	-	-	7,899,839	7,782,204
Construction in progress	-	-	1,379,608	-	1,379,608	-
Total	\$ 16,348,851	\$ 16,269,197	\$ 12,195,351	\$ 11,081,909	\$ 28,544,202	\$ 27,351,106

Additional information on the City's capital assets can be found in note III.C on pages 47-48 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,819,872, which is backed by the full faith and credit of the government.

City of Tecumseh's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 440,000	\$ 455,000	\$ 1,379,872	\$ -	\$ 1,819,872	\$ 455,000
Revenue bonds	-	-	-	65,000	-	65,000
Total	\$ 440,000	\$ 455,000	\$ 1,379,872	\$ 65,000	\$ 1,819,872	\$ 520,000

The City's total bonded debt increased by approximately \$1.3 million (350 percent) during the current fiscal year with new debt issued during the current year of \$1.38 million.

The City has an “A” rating from Standard & Poor’s.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$29.5 million, which is significantly in excess of the City’s outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in note III.G on pages 50-53 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing the City’s budget for the 2008-09 fiscal year:

- The overall plan for the budget was to maintain services in the community by providing a well staffed, equipped and trained work force.
- To be sensitive to factors that may influence revenue projections, such as cuts to state shared revenue, declining housing values and potential plant closings that may increase unemployment rates, occupancy rates and reductions in personal property.
- The City also wants to ensure that it has funding for streets, roads and other capital improvement projects by earmarking funds for future use.

During the current fiscal year, unreserved fund balance in the general fund increased by \$359,755 to \$1,248,996. The City has not appropriated any general fund unreserved fund balance for spending in the 2008-09 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Treasurer, 309 East Chicago Boulevard, Tecumseh, Michigan 49286.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF TECUMSEH, MICHIGAN
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 3,707,339	\$ 627,526	\$ 4,334,865	\$ 172,617
Investments	1,850,111	-	1,850,111	-
Receivables	160,071	76,709	236,780	-
Internal balances	45,760	(45,760)	-	-
Unamortized bond issuance costs	25,582	-	25,582	45,136
Restricted cash	54	545,602	545,656	-
Restricted investments	-	497,146	497,146	-
Capital assets not being depreciated	2,567,873	1,379,608	3,947,481	2,056,000
Capital assets being depreciated, net	13,780,978	10,815,743	24,596,721	-
Total assets	22,137,768	13,896,574	36,034,342	2,273,753
Liabilities				
Accounts payable and accrued expenses	275,400	48,092	323,492	12,234
Accrued interest payable	56,725	7,983	64,708	5,028
Unamortized bond premium	-	-	-	10,586
Long-term liabilities:				
Due within one year	321,993	130,516	452,509	95,000
Due in more than one year	2,748,450	1,378,070	4,126,520	1,145,000
Total liabilities	3,402,568	1,564,661	4,967,229	1,267,848
Net Assets				
Invested in capital assets, net of related debt	15,908,055	10,815,479	26,723,534	2,056,000
Restricted for:				
Civic auditorium:				
Operations	242,935	-	242,935	-
Endowment - nonexpendable	1,203,774	-	1,203,774	-
Capital replacement	-	1,042,748	1,042,748	-
Debt service	10,520	-	10,520	2,456
Capital projects	177,839	-	177,839	-
Perpetual care - nonexpendable	481,050	-	481,050	-
Perpetual care - expendable	129,934	-	129,934	-
Unrestricted (deficit)	581,093	473,686	1,054,779	(1,052,551)
Total net assets	\$ 18,735,200	\$ 12,331,913	\$ 31,067,113	\$ 1,005,905

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities:					
General government	1,523,991	\$ 387,166	\$ -	\$ 39,600	\$ (1,097,225)
Public safety	2,351,821	117,563	48,202	-	(2,186,056)
Public works	1,231,859	-	631,097	14,705	(586,057)
Parks and recreation	746,924	120,804	-	21,836	(604,284)
Civic auditorium	507,926	137,096	334,973	-	(35,857)
Community development	611,858	120,186	16,184	-	(475,488)
Interest on long-term debt	111,211	-	-	-	(111,211)
Total governmental activities	<u>7,085,590</u>	<u>882,815</u>	<u>1,030,456</u>	<u>76,141</u>	<u>(5,096,178)</u>
Business-type activities:					
Wastewater	1,169,574	980,591	-	25,875	(163,108)
Water	630,631	555,385	-	13,508	(61,738)
Total business-type activities	<u>1,800,205</u>	<u>1,535,976</u>	<u>-</u>	<u>39,383</u>	<u>(224,846)</u>
Total primary government	<u>\$ 8,885,795</u>	<u>\$ 2,418,791</u>	<u>\$ 1,030,456</u>	<u>\$ 115,524</u>	<u>\$ (5,321,024)</u>
Component units					
Community development	<u>\$ 131,280</u>	<u>\$ -</u>	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ (124,780)</u>

continued...

CITY OF TECUMSEH, MICHIGAN
Statement of Activities (Concluded)
For the Year Ended June 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (5,096,178)	\$ (224,846)	\$ (5,321,024)	\$ (124,780)
General revenues:				
Property taxes	4,078,900	-	4,078,900	245,933
Grants and contributions not restricted to specific programs	797,401	-	797,401	-
Unrestricted investment earnings	184,636	82,707	267,343	6,419
Contributions to permanent funds	11,575	-	11,575	-
Transfers - internal activities	453,624	(453,624)	-	-
Total general revenues, contributions and transfers	5,526,136	(370,917)	5,155,219	252,352
Change in net assets	429,958	(595,763)	(165,805)	127,572
Net assets, beginning of year	18,305,242	12,927,676	31,232,918	878,333
Net assets, end of year	\$ 18,735,200	\$ 12,331,913	\$ 31,067,113	\$ 1,005,905

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CITY OF TECUMSEH, MICHIGAN
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	<u>Local Street</u>	<u>Business & Technology Park Capital Project</u>	<u>Civic Auditorium Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Assets						
Cash and cash equivalents	\$ 1,397,809	\$ 87,053	\$ 1,104,584	\$ 22,587	\$ 807,757	\$ 3,419,790
Investments	-	-	-	1,170,931	679,180	1,850,111
Accounts receivable	17,017	12,541	-	-	56,610	86,168
Special assessments receivable	56,883	-	-	-	-	56,883
Accrued interest receivable	-	-	-	10,256	6,764	17,020
Restricted cash	-	-	-	-	54	54
<u>TOTAL ASSETS</u>	<u>\$ 1,471,709</u>	<u>\$ 99,594</u>	<u>\$ 1,104,584</u>	<u>\$ 1,203,774</u>	<u>\$ 1,550,365</u>	<u>\$ 5,430,026</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable / accrued liabilities	\$ 114,733	\$ 7,505	\$ -	\$ -	\$ 142,230	\$ 264,468
Fund balances:						
Reserved for:						
Civic auditorium	-	-	-	1,203,774	-	1,203,774
Perpetual care	-	-	-	-	481,050	481,050
Public safety equipment and training	23,193	-	-	-	-	23,193
Parks donation	84,787	-	-	-	-	84,787
Unreserved:						
Designated for subsequent year	-	-	1,002,500	-	-	1,002,500
Undesignated	1,248,996	92,089	102,084	-	-	1,443,169
Designated for subsequent year:						
Special revenue funds	-	-	-	-	87,431	87,431
Undesignated, reported in nonmajor:						
Special revenue funds	-	-	-	-	521,361	521,361
Debt service funds	-	-	-	-	10,520	10,520
Capital projects funds	-	-	-	-	177,839	177,839
Permanent fund	-	-	-	-	129,934	129,934
Total fund balances	<u>1,356,976</u>	<u>92,089</u>	<u>1,104,584</u>	<u>1,203,774</u>	<u>1,408,135</u>	<u>5,165,558</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,471,709</u>	<u>\$ 99,594</u>	<u>\$ 1,104,584</u>	<u>\$ 1,203,774</u>	<u>\$ 1,550,365</u>	<u>\$ 5,430,026</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2008

Fund balances - total governmental funds	\$ 5,165,558
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	23,217,025
Deduct - accumulated depreciation	(7,230,847)

An internal service fund is used by management to charge the costs of certain equipment usage to individual funds. The assets and liabilities of the internal service fund are partially included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in the internal service fund	685,050
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - bonds and purchase agreements payable	(2,527,777)
Deduct - accrued interest on bonds payable	(56,725)
Add - unamortized bond issuance costs	25,582
Deduct - compensated absences	(542,666)

Net assets of governmental activities	<u><u>\$ 18,735,200</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Local Street	Business & Technology Park Capital Project	Civic Auditorium Trust	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes and special assessments	\$ 4,093,454	\$ -	\$ -	\$ -	\$ 151	\$ 4,093,605
Licenses and permits	100,731	-	-	-	65,430	166,161
Intergovernmental	845,591	148,202	-	-	483,260	1,477,053
Charges for services	415,868	-	-	-	219,293	635,161
Fines and forfeits	52,651	-	-	-	-	52,651
Investment earnings	153,396	549	960	64,694	233,072	452,671
Contributions	10,480	-	-	1,024	74,478	85,982
Other revenues	13,604	-	-	-	14,334	27,938
Total revenues	<u>5,685,775</u>	<u>148,751</u>	<u>960</u>	<u>65,718</u>	<u>1,090,018</u>	<u>6,991,222</u>
Expenditures						
Current:						
General government	1,484,959	-	-	-	10,312	1,495,271
Public safety	2,164,260	-	-	-	306,259	2,470,519
Public works	134,614	731,242	-	-	568,682	1,434,538
Parks and recreation	539,364	-	-	-	14,175	553,539
Civic auditorium	-	-	-	-	452,475	452,475
Community development	-	-	-	-	545,600	545,600
Debt service:						
Principal	-	-	-	-	16,540	16,540
Interest and fiscal charges	94,161	-	-	-	16,991	111,152
Total expenditures	<u>4,417,358</u>	<u>731,242</u>	<u>-</u>	<u>-</u>	<u>1,931,034</u>	<u>7,079,634</u>
Revenues over (under) expenditures	<u>1,268,417</u>	<u>(582,491)</u>	<u>960</u>	<u>65,718</u>	<u>(841,016)</u>	<u>(88,412)</u>
Other financing sources (uses)						
Transfers in	5,000	487,000	1,103,624	-	734,199	2,329,823
Transfers out	(1,151,000)	-	-	(48,199)	(677,000)	(1,876,199)
Proceeds from sale of capital assets	6,008	-	-	-	-	6,008
Total other financing sources (uses)	<u>(1,139,992)</u>	<u>487,000</u>	<u>1,103,624</u>	<u>(48,199)</u>	<u>57,199</u>	<u>459,632</u>
Net changes in fund balances	128,425	(95,491)	1,104,584	17,519	(783,817)	371,220
Fund balances, beginning of year	<u>1,228,551</u>	<u>187,580</u>	<u>-</u>	<u>1,186,255</u>	<u>2,191,952</u>	<u>4,794,338</u>
Fund balances, end of year	<u><u>\$ 1,356,976</u></u>	<u><u>\$ 92,089</u></u>	<u><u>\$ 1,104,584</u></u>	<u><u>\$ 1,203,774</u></u>	<u><u>\$ 1,408,135</u></u>	<u><u>\$ 5,165,558</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$ 371,220
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	704,330
Deduct - depreciation expense	(559,587)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	16,540
Deduct - amortization of bond/debt issuance costs	(2,213)

An internal service fund is used by management to charge the costs of certain equipment usage to individual funds. The net revenue (expense) attributable to those funds is partially reported with governmental activities.

Add - interest revenue from governmental internal service fund	11,486
Deduct - net operating loss from governmental activities in internal service fund	(83,599)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - increase in accrued interest payable on bonds	(58)
Deduct - increase in the accrual for compensated absences	(28,161)

Change in net assets of governmental activities	<u><u>\$ 429,958</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Taxes and special assessments	\$ 4,124,256	\$ 4,091,856	\$ 4,093,454	\$ 1,598
Licenses and permits	95,500	100,247	100,731	484
Intergovernmental	826,016	860,509	845,591	(14,918)
Charges for services	369,225	394,715	415,868	21,153
Fines and forfeits	43,950	55,022	52,651	(2,371)
Investment earnings	143,500	149,400	153,396	3,996
Contributions	42,000	10,415	10,480	65
Other revenues	20,100	13,275	13,604	329
Total revenues	<u>5,664,547</u>	<u>5,675,439</u>	<u>5,685,775</u>	<u>10,336</u>
Expenditures				
General government:				
Salaries and wages	443,220	426,132	428,454	2,322
Fringe benefits	205,880	215,062	208,206	(6,856)
Office expenditures	87,155	86,970	82,381	(4,589)
Contractual services	486,067	436,445	436,193	(252)
Insurance	48,500	23,208	25,433	2,225
Street lighting	98,000	105,000	106,363	1,363
Cemetery	181,119	180,636	182,349	1,713
Other expenditures	33,497	35,847	35,196	(651)
Less: reimbursements	<u>(28,616)</u>	<u>(28,616)</u>	<u>(19,616)</u>	<u>9,000</u>
Total general government	<u>1,554,822</u>	<u>1,480,684</u>	<u>1,484,959</u>	<u>4,275</u>
Public safety:				
Police	1,766,562	1,688,585	1,645,152	(43,433)
Fire	<u>503,641</u>	<u>530,824</u>	<u>519,108</u>	<u>(11,716)</u>
Total public safety	<u>2,270,203</u>	<u>2,219,409</u>	<u>2,164,260</u>	<u>(55,149)</u>
Public works:				
Public works department	51,217	127,262	107,806	(19,456)
Sidewalks	<u>54,600</u>	<u>27,392</u>	<u>26,808</u>	<u>(584)</u>
Total public works	<u>105,817</u>	<u>154,654</u>	<u>134,614</u>	<u>(20,040)</u>

continued...

CITY OF TECUMSEH, MICHIGAN
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Concluded)
General Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Expenditures (Concluded)				
Parks and recreation	\$ 578,333	\$ 529,877	\$ 539,364	\$ 9,487
Debt service -				
Interest and fiscal charges	97,003	97,269	94,161	(3,108)
Total expenditures	4,606,178	4,481,893	4,417,358	(64,535)
Revenues over expenditures	1,058,369	1,193,546	1,268,417	74,871
Other financing sources (uses)				
Transfers in	-	5,000	5,000	-
Transfers out	(1,088,500)	(1,151,000)	(1,151,000)	-
Proceeds from sale of capital assets	1,000	6,008	6,008	-
Total other financing (uses)	(1,087,500)	(1,139,992)	(1,139,992)	-
Net changes in fund balance	(29,131)	53,554	128,425	74,871
Fund balance, beginning of year	1,233,416	1,228,551	1,228,551	-
Fund balance, end of year	\$ 1,204,285	\$ 1,282,105	\$ 1,356,976	\$ 74,871

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Local Street Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental - state	\$ 166,480	\$ 150,000	\$ 148,202	\$ (1,798)
Investment earnings	4,000	1,000	549	(451)
Other revenues	2,200	-	-	-
Total revenues	172,680	151,000	148,751	(2,249)
Expenditures				
Public Works:				
Street construction	351,968	243,280	224,794	(18,486)
Routine maintenance	290,000	410,001	408,184	(1,817)
Winter maintenance	26,600	59,106	59,106	-
Administration	29,379	40,000	39,158	(842)
Total expenditures	697,947	752,387	731,242	(21,145)
Revenues (under) expenditures	(525,267)	(601,387)	(582,491)	18,896
Other financing sources				
Transfers in	425,000	487,000	487,000	-
Net changes in fund balance	(100,267)	(114,387)	(95,491)	18,896
Fund balance, beginning of year	187,580	187,580	187,580	-
Fund balance, end of year	\$ 87,313	\$ 73,193	\$ 92,089	\$ 18,896

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Wastewater	Water	Total	Internal Service Fund
Assets				
Current assets:				
Cash and cash equivalents	\$ 398,033	\$ 229,493	\$ 627,526	\$ 287,549
Accounts receivable	76,590	119	76,709	-
Total current assets	<u>474,623</u>	<u>229,612</u>	<u>704,235</u>	<u>287,549</u>
Noncurrent assets:				
Restricted cash and cash equivalents	545,602	-	545,602	-
Restricted investments	-	497,146	497,146	-
Property and equipment - net	<u>10,037,400</u>	<u>2,157,951</u>	<u>12,195,351</u>	<u>362,673</u>
Total noncurrent assets	<u>10,583,002</u>	<u>2,655,097</u>	<u>13,238,099</u>	<u>362,673</u>
Total assets	<u>11,057,625</u>	<u>2,884,709</u>	<u>13,942,334</u>	<u>650,222</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	42,671	5,421	48,092	10,932
Accrued interest payable	7,983	-	7,983	-
Accrued compensated absences, current portion	31,887	13,629	45,516	-
Revenue bonds payable, current portion	<u>85,000</u>	<u>-</u>	<u>85,000</u>	<u>-</u>
Total current liabilities	<u>167,541</u>	<u>19,050</u>	<u>186,591</u>	<u>10,932</u>
Noncurrent liabilities:				
Accrued compensated absences, net of current portior	59,292	23,906	83,198	-
Revenue bonds payable, no current portion	<u>1,294,872</u>	<u>-</u>	<u>1,294,872</u>	<u>-</u>
Total noncurrent liabilities	<u>1,354,164</u>	<u>23,906</u>	<u>1,378,070</u>	<u>-</u>
Total liabilities	<u>1,521,705</u>	<u>42,956</u>	<u>1,564,661</u>	<u>10,932</u>
Net Assets				
Invested in capital assets, net of related debt	8,657,528	2,157,951	10,815,479	362,673
Restricted for capital replacement	545,602	497,146	1,042,748	-
Unrestricted	<u>332,790</u>	<u>186,656</u>	<u>519,446</u>	<u>276,617</u>
Total net assets	<u>\$ 9,535,920</u>	<u>\$ 2,841,753</u>	<u>12,377,673</u>	<u>\$ 639,290</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(45,760)</u>	
Net assets of business-type activities on the government-wide statement of net assets			<u>\$12,331,913</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues				
Charges for services	\$ 980,591	\$ 555,385	\$ 1,535,976	\$ 351,567
Operating expenses				
Salaries and wages	303,758	188,769	492,527	81,965
Fringe benefits	163,767	105,225	268,992	-
Office expenses	6,508	3,436	9,944	-
Contractual services	61,152	4,731	65,883	-
Insurance	35,200	12,400	47,600	26,649
Supplies and materials	71,186	113,986	185,172	97,958
Utilities	136,700	42,085	178,785	11,511
Depreciation/amortization	305,593	77,044	382,637	138,388
Other expenses	75,846	78,638	154,484	81,459
Total operating expenses	1,159,710	626,314	1,786,024	437,930
Operating loss	(179,119)	(70,929)	(250,048)	(86,363)
Nonoperating revenues (expenses)				
Intergovernmental	25,875	-	25,875	-
Investment income	42,486	40,221	82,707	11,486
Interest expense	(8,482)	(2,935)	(11,417)	-
Total nonoperating revenues	59,879	37,286	97,165	11,486
Loss before transfers and capital contributions	(119,240)	(33,643)	(152,883)	(74,877)
Transfers out	(210,390)	(243,234)	(453,624)	-
Capital contributions	-	13,508	13,508	-
Change in net assets	(329,630)	(263,369)	(592,999)	(74,877)
Net assets, beginning of year	9,865,550	3,105,122	12,970,672	714,167
Net assets, end of year	<u>\$ 9,535,920</u>	<u>\$ 2,841,753</u>	<u>\$ 12,377,673</u>	<u>\$ 639,290</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Reconciliation of the Statement of Revenues, Expenses
and Changes in Fund Net Assets of Enterprise Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Change in net assets - all enterprise funds	\$ (592,999)
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An internal service fund is used by management to charge the costs of certain equipment usage to individual funds. The net revenue (expense) attributable to enterprise funds is reported with business-type activities.

Deduct - net operating loss from business-type activities in internal service fund	<u>(2,764)</u>
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Change in net assets of business-type activities	<u><u>\$ (595,763)</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities
	Wastewater	Water	Total	Internal Service Fund
Cash flows from operating activities				
Cash received from customers	\$ 905,678	\$ 639,903	\$ 1,545,581	\$ 85,664
Cash received from interfund services	-	-	-	266,047
Cash payments to employees	(456,593)	(291,941)	(748,534)	(81,965)
Cash payments to suppliers for goods and services	(370,226)	(263,567)	(633,793)	(213,303)
Cash payments for interfund services	(5,873)	(5,999)	(11,872)	-
Net cash provided by operating activities	72,986	78,396	151,382	56,443
Cash flows from non-capital financing activities				
Transfer to other fund	(210,390)	(243,234)	(453,624)	-
Cash flows from capital and related financing activities				
Proceeds from bonds	1,379,872	-	1,379,872	-
Purchase of capital assets	(1,444,270)	(38,301)	(1,482,571)	(73,297)
Bond principal payments	-	(65,000)	(65,000)	-
Bond interest payments	(499)	(3,780)	(4,279)	-
Intergovernmental revenue	25,875	-	25,875	-
Net cash (used) by capital and related financing activities	(39,022)	(107,081)	(146,103)	(73,297)
Cash flows from investing activities				
Proceeds from matured investments	-	630,920	630,920	-
Purchase of investments	-	(497,146)	(497,146)	-
Investment income	42,486	40,835	83,321	11,486
Net cash provided (used) by investing activities	42,486	174,609	217,095	11,486
Net increase (decrease) in cash and cash equivalents	(133,940)	(97,310)	(231,250)	(5,368)
Cash and cash equivalents, beginning of year	1,077,575	326,803	1,404,378	292,917
Cash and cash equivalents, end of year	<u>\$ 943,635</u>	<u>\$ 229,493</u>	<u>\$ 1,173,128</u>	<u>\$ 287,549</u>
Reconciliation to statement of net assets				
Cash and cash equivalents	\$ 398,033	\$ 229,493	\$ 627,526	\$ 287,549
Restricted cash and cash equivalents	545,602	-	545,602	-
	<u>\$ 943,635</u>	<u>\$ 229,493</u>	<u>\$ 1,173,128</u>	<u>\$ 287,549</u>

Continued...

CITY OF TECUMSEH, MICHIGAN
Statement of Cash Flows (Concluded)
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of operating loss to net cash provided by operating activities				
Operating loss	\$ (179,119)	\$ (70,929)	\$ (250,048)	\$ (86,363)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation/amortization	305,593	77,044	382,637	138,388
Changes in assets and liabilities:				
Accounts receivable	(74,913)	84,518	9,605	144
Accounts payable and accrued liabilities	10,493	(14,290)	(3,797)	4,274
Accrued compensated absences	10,932	2,053	12,985	-
Net cash provided by operating activities	<u>\$ 72,986</u>	<u>\$ 78,396</u>	<u>\$ 151,382</u>	<u>\$ 56,443</u>
Non-Cash				
Capital contributions	<u>\$ -</u>	<u>\$ 13,508</u>	<u>\$ 13,508</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Employees' Retirement System Pension Trust Fund	Agency Funds
Assets		
Cash and cash equivalents	\$ 114,266	\$ 5,136
Investments:		
Domestic equities	7,893,315	-
American depository receipts	1,511,406	-
U.S. treasuries	1,780,199	-
U.S. agencies	1,718,675	-
Corporate securities	1,764,742	-
Money market accounts	841,937	-
Accrued interest receivable	54,266	-
Delinquent taxes receivable	-	107,987
	<hr/>	<hr/>
Total assets	15,678,806	\$ 113,123
	<hr/>	<hr/>
Liabilities		
Accounts payable	-	\$ 23,559
Due to other governments	-	89,564
	<hr/>	<hr/>
Total liabilities	-	\$ 113,123
	<hr/>	<hr/>
Net assets		
Held in trust for pension and postemployment healthcare benefits	\$ 15,678,806	
	<hr/>	

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds - Employees' Retirement System Pension Trust Fund
For the Year Ended June 30, 2008

Additions

Investment income:

Net realized and unrealized depreciation in fair value of investments	\$ (609,773)
Interest and dividends	443,087
Less investment management fees	<u>(101,459)</u>
Total investment loss	<u>(268,145)</u>

Contributions:

City of Tecumseh	587,740
Participants	<u>161,449</u>
Total contributions	<u>749,189</u>
Total additions	<u>481,044</u>

Deductions

Participant benefits:

Pension	622,662
Health	<u>38,557</u>
Total participant benefits	661,219

Administrative expenses	25,863
Participant refunds	<u>1,894</u>
Total deductions	<u>688,976</u>

Net deductions to net assets held in trust for benefits

Employees' pension benefits	\$ (57,601)	
Postemployment healthcare benefits	<u>(150,331)</u>	(207,932)

Net assets held in trust for benefits, beginning of year		<u>15,886,738</u>
--	--	-------------------

Net assets held in trust for benefits, end of year

Reserved for employees' pension benefits	15,087,931	
Reserved for employees' postemployment healthcare benefits	<u>590,875</u>	<u>\$ 15,678,806</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TECUMSEH, MICHIGAN
Combining Statement of Net Assets
Component Units
June 30, 2008

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 172,617	\$ -	\$ 172,617
Unamortized bond issuance costs	45,136	-	45,136
Capital assets not being depreciated	<u>56,000</u>	<u>2,000,000</u>	<u>2,056,000</u>
Total assets	<u>273,753</u>	<u>2,000,000</u>	<u>2,273,753</u>
Liabilities			
Accounts payable and accrued liabilities	12,234	-	12,234
Accrued interest payable	5,028	-	5,028
Unamortized bond premium	10,586	-	10,586
Long-term liabilities:			
Due within one year	95,000	-	95,000
Due in more than one year	<u>1,145,000</u>	<u>-</u>	<u>1,145,000</u>
Total liabilities	<u>1,267,848</u>	<u>-</u>	<u>1,267,848</u>
Net assets			
Invested in capital assets	56,000	2,000,000	2,056,000
Restricted for:			
Debt service	2,456	-	2,456
Unrestricted (deficit)	<u>(1,052,551)</u>	<u>-</u>	<u>(1,052,551)</u>
Total net assets (deficit)	<u><u>\$ (994,095)</u></u>	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 1,005,905</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF TECUMSEH, MICHIGAN
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2008

	<u>Downtown Development Authority</u>	<u>Economic Development Corporation</u>	<u>Totals</u>
Expenses			
Community development	\$ 131,280	\$ -	\$ 131,280
Program revenues			
Operating grants and contributions	<u>6,500</u>	<u>-</u>	<u>6,500</u>
Net program revenue (expense)	<u>(124,780)</u>	<u>-</u>	<u>(124,780)</u>
General revenues			
Property taxes	245,933	-	245,933
Unrestricted investment earnings	<u>6,419</u>	<u>-</u>	<u>6,419</u>
Total general revenues	<u>252,352</u>	<u>-</u>	<u>252,352</u>
Change in net assets	127,572	-	127,572
Net assets (deficit), beginning of year	<u>(1,121,667)</u>	<u>2,000,000</u>	<u>878,333</u>
Net assets (deficit), end of year	<u><u>\$ (994,095)</u></u>	<u><u>\$ 2,000,000</u></u>	<u><u>\$ 1,005,905</u></u>

The accompanying notes are an integral part of the financial statements.

NOTES to the FINANCIAL STATEMENTS

CITY OF TECUMSEH, MICHIGAN

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Notes to the Financial Statements

June 30, 2008

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CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Tecumseh, Michigan is a municipal corporation governed by a seven-member council and administered by an appointed city manager. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The blended and discretely presented component units have June 30 year ends.

Blended component unit. The Building Authority is governed by a three member board appointed by the City Council. Its sole function is to oversee the financing and construction, if any, of the City's public buildings; therefore, it is reported as if it were part of the primary government. Currently, there are no such capital projects in process and, therefore, there are no Building Authority funds or activities reported herein.

Discretely presented component units. The Tecumseh Downtown Development Authority (DDA) is responsible for certain projects and activities whose purpose is to revitalize the downtown business district. The members of the DDA's governing board are appointed by the government's council. The DDA is also fiscally dependent upon the government because the government's council approves the DDA's budget and any debt issuances. The DDA does not issue separate financial statements; accordingly, DDA fund financial statements are included herein as supplementary information.

The Local Development Finance Authority of the City of Tecumseh (LDFA) is governed by a ten-member board consisting of seven members appointed by the City Manager (subject to City Council approval), one member appointed by Lenawee County, and two members appointed by Tecumseh Public Schools. The LDFA was formed to promote economic growth in the City of Tecumseh, pursuant to Public Act 281 of 1986. The LDFA has no financial activity; as such, no financial statements or information is presented.

The Economic Development Corporation of the City of Tecumseh (EDC) is governed by a nine-member board appointed by the City Manager (subject to City Council approval). The EDC was formed in December 2004 to strengthen and revitalize the City's economy, pursuant to Public Act 338 of 1974, as amended. The EDC's financial activity for fiscal 2004-2006 was limited to taking title to land purchased by the City, for which the City has retained the obligation to service the related long-term debt; no financial activity has occurred since.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *local street fund* accounts for the expenditures of motor fuel taxes which are earmarked by law for local street purposes.

The *business and technology park capital project fund* accounts for monies used for the business and technology project.

The *civic auditorium trust fund* (a permanent fund) accounts for monies held in trust by the City, the investment earnings from which may only be used for the operation and maintenance of the cultural facility.

The government reports the following major proprietary funds:

The *wastewater fund* accounts for the activities of the government's sewage disposal and treatment system.

The *water fund* accounts for the activities of the government's water distribution and treatment system.

Additionally, the government reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects funds* account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

The *permanent fund* accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

The *internal service fund* accounts for fleet and equipment management to other departments or agencies of the government on a cost reimbursement basis.

The *pension trust fund* accounts for the activities of the Employees Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *agency funds* account for assets held for other governments in an agency capacity, including tax collections, delinquent taxes receivable and other monies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater and water enterprise funds and of the government's internal service fund are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

D. Assets, liabilities and net assets/equity

1. *Deposits and investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

The Pension Trust Fund is authorized by the State's Pension Investment Act, as amended, to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Investments are reported at fair value.

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. *Prepaid items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. *Restricted assets*

Certain resources have been set aside in the wastewater and water funds to finance future capital asset replacements pursuant to City ordinance.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

5. *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. In accordance with the provisions of GASB Statement No. 34, the government has only capitalized infrastructure assets acquired or constructed since 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	15-40
Buildings	20-50
Public domain infrastructure	15-50
System infrastructure	15-50
Vehicles	7-25
Equipment	3-20

6. *Compensated absences*

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and 50 percent of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

7. *Long-term obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

On or before the third Monday in April of each year, the City Manager must present the proposed budget to the government's council for review. The Council holds public hearings and a final budget must be prepared and adopted no later than the second Monday in May.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. The *general government* function of the General Fund is treated as a department for budgetary purposes and its budget is adopted at the object level. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level. Certain supplemental budgetary appropriations were made during the year, which were not considered material.

B. Excess of expenditures over appropriations

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended June 30, 2008, the government incurred expenditures in excess of the amounts appropriated at the legal level of budgetary control as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund			
General government:			
Salaries and wages	\$ 426,132	\$ 428,454	\$ (2,322)
Insurance	23,208	25,433	(2,225)
Street lighting	105,000	106,363	(1,363)
Cemetery	180,636	182,349	(1,713)
Parks and recreation	529,877	539,364	(9,487)

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Following is a reconciliation of deposits and investments as of June 30, 2008:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
Statement of net assets:			
Cash and cash equivalents	\$ 4,334,865	\$ 172,617	\$ 4,507,482
Investments	1,850,111	-	1,850,111
Restricted cash	545,656	-	545,656
Restricted investments	497,146	-	497,146
Statement of fiduciary net assets:			
Pension trust fund:			
Cash and cash equivalents	114,266	-	114,266
Investments	15,510,274	-	15,510,274
Agency funds -			
Cash and cash equivalents	<u>5,136</u>	<u>-</u>	<u>5,136</u>
Total	<u>\$ 22,857,454</u>	<u>\$ 172,617</u>	<u>\$ 23,030,071</u>
Deposits and investments:			
Bank deposits (checking accounts and certificates of deposit)			\$ 2,460,143
Investments in securities, mutual funds and similar vehicles:			
Treasurer's investment pool			5,057,654
Pension trust fund			15,510,274
Cash on hand			<u>2,000</u>
Total			<u>\$ 23,030,071</u>

Bank Deposits and Treasurer's Investment Pool

Custodial Credit Risk - Deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance. As of June 30, 2008, \$2,549,705 of the City's total bank balance of \$2,649,705 (total book balance was \$2,460,143) was exposed to custodial credit risk as it was uninsured and uncollateralized.

In accordance with the City's investment policy and State law, all deposits are uncollateralized and held in the City's name. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the City believes it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Custodial Credit Risk - Investments. Following is a summary of the City's investments as of June 30, 2008:

U.S. treasuries	\$ 172,624
U.S. agencies	1,607,102
Domestic equities	14,422
External investment pool	3,256,366
Money market	<u>7,050</u>
Total	<u>\$ 5,057,654</u>

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agent but not in the government's name. In accordance with the City's investment policy, all investments are held in the name of the City and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

The above investment in domestic equities is generally not allowed under State statutes; however, an exception is provided for donated investments. In this instance, Tecumseh Products, Inc. common stock was donated to the City for the benefit of the Civic Auditorium.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The government has no formal policy relating to investment credit risk. As of June 30, 2008, the City's investments in securities of U.S. agencies were rated AAA by Standard & Poor's and its investment in the external local government investment pool was rated AAA/V1 by Fitch. Ratings are not required for U.S. treasuries or money market accounts.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy requires diversification by security type and institution, but does not place a fixed percentage limit for any one issuer. At June 30, 2008, the City had greater than 5% of its total investment portfolio concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal Home Loan Bank	21.2%
	Federal National Mortgage Association	7.6%

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, it is the practice of the City to manage this risk by purchasing a mix of short and longer term investments. This laddering approach also matches investment maturities to projected cash flow needs.

As of June 30, 2008, maturities of the City's debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 172,624	\$ 51,067	\$ 52,303	\$ -	\$ 69,254
U.S. agencies	1,607,102	195,048	688,239	587,385	136,430
	<u>\$ 1,779,726</u>	<u>\$ 246,115</u>	<u>\$ 740,542</u>	<u>\$ 587,385</u>	<u>\$ 205,684</u>

The average maturity of the portfolio investments in the external investment pool was less than 60 days as of June 30, 2008.

Employees' Retirement System Investments

The System's investments are primarily held in a broker-administered trust fund. Following is a summary of the System's investments at fair value, as determined by quoted market price, as of June 30, 2008:

Domestic equities	\$ 7,893,315
American depository receipts	1,511,406
U.S. treasuries	1,780,199
U.S. agencies	1,718,675
Corporate securities	1,764,742
Money market funds	<u>841,937</u>
Total investments	<u>\$ 15,510,274</u>

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System's investment policy provides that investments in fixed income securities be limited to those rated BBB- or better at the time of purchase by a nationally recognized statistical rating organization, except for United States treasury securities which are explicitly guaranteed by the U.S. government and not considered to have credit risk. As of June 30, 2008, the System's investments in fixed income securities, except for U.S. treasuries, were rated by Standard & Poor's as follows:

<u>Rating</u>	<u>U.S. agencies</u>	<u>Corporate</u>
AAA	\$ 1,718,675	\$ 160,532
AA+	-	163,830
AA	-	167,429
AA-	-	269,129
A+	-	386,316
A	-	431,697
A-	-	107,393
BBB-	-	78,416
	<u>\$ 1,718,675</u>	<u>\$ 1,764,742</u>

The System's investments in money market funds are not rated.

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although its investment policy does not specifically address custodial credit risk (and its investments are uninsured and unregistered), the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty or its agent in the System's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy generally requires that no more than 8% to 10% of a particular portfolio may be invested in any one company or issuer, except for U.S. treasuries and agencies. At June 30, 2008, the System's investment portfolio was concentrated as follows:

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U.S. agencies	Federal National Mortgage Association	11.1%

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy does not discuss the maximum maturity for any single fixed income security or the weighted average portfolio maturity.

As of June 30, 2008, maturities of the System's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 1,780,199	\$ -	\$ 1,669,550	\$ -	\$ 110,649
U.S. agencies	1,718,675	-	1,169,124	-	549,551
Corporate	1,764,742	-	1,217,862	-	546,880
	<u>\$ 5,263,616</u>	<u>\$ -</u>	<u>\$ 4,056,536</u>	<u>\$ -</u>	<u>\$ 1,207,080</u>

B. Receivables

Receivables in the governmental activities are 36 percent special assessments receivable, and 64 percent other receivables. Business-type activities receivables are composed entirely of amounts due from customers.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

C. Capital assets

Capital assets activity for the year ended June 30, 2008 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 2,528,273	\$ 39,600	\$ -	\$ 2,567,873
Capital assets, being depreciated:				
Land improvements	1,214,703	11,317	-	1,226,020
Buildings	6,525,324	-	-	6,525,324
Vehicles	1,199,842	22,692	(33,588)	1,188,946
Equipment	3,674,742	392,903	(108,421)	3,959,224
Infrastructure	9,487,481	313,522	-	9,801,003
Total capital assets being depreciated	<u>22,102,092</u>	<u>740,434</u>	<u>(142,009)</u>	<u>22,700,517</u>
Less accumulated depreciation for:				
Land improvements	(115,941)	(31,333)	-	(147,274)
Buildings	(3,229,188)	(157,490)	-	(3,386,678)
Vehicles	(629,703)	(62,409)	33,588	(658,524)
Equipment	(2,681,059)	(250,855)	106,015	(2,825,899)
Infrastructure	(1,705,277)	(195,887)	-	(1,901,164)
Total accumulated depreciation	<u>(8,361,168)</u>	<u>(697,974)</u>	<u>139,603</u>	<u>(8,919,539)</u>
Total capital assets, being depreciated, net	<u>13,740,924</u>	<u>42,460</u>	<u>(2,406)</u>	<u>13,780,978</u>
Governmental activities capital assets, net	<u>\$ 16,269,197</u>	<u>\$ 82,060</u>	<u>\$ (2,406)</u>	<u>\$ 16,348,851</u>

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,379,608	\$ -	\$ 1,379,608
Capital assets, being depreciated:				
Buildings and systems	16,772,994	56,746	-	16,829,740
Equipment	236,596	59,111	-	295,707
Total capital assets being depreciated	17,009,590	115,857	-	17,125,447
Less accumulated depreciation for:				
Buildings and systems	(5,753,165)	(306,980)	-	(6,060,145)
Equipment	(174,516)	(75,043)	-	(249,559)
Total accumulated depreciation	(5,927,681)	(382,023)	-	(6,309,704)
Total capital assets, being depreciated, net	11,081,909	(266,166)	-	10,815,743
Business-type activities capital assets, net	\$ 11,081,909	\$ 1,113,442	\$ -	\$ 12,195,351

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 27,059
Public safety	181,508
Public works, including depreciation of general infrastructure assets	203,095
Parks and recreation	65,081
Civic auditorium	54,278
Community development	28,565
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	138,388
Total depreciation expense - governmental activities	\$ 697,974
Business-type activities:	
Wastewater	\$ 305,594
Water	76,429
Total depreciation expense - business-type activities	\$ 382,023

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Discretely presented component units

The Downtown Development Authority owns land that was originally purchased for \$56,000. There were no increases or decreases to the Authority's capital assets during the year.

The Economic Development Corporation (EDC) holds \$2.0 million of land that was acquired by the City during fiscal 2004-05 and contributed to the EDC by the City. The City is carrying the debt obligation for this transaction (see Note III.G.). There were no increases or decreases to the EDC's capital assets during the current year.

D. Payables

Payables in the governmental activities are 79 percent vendors and 21 percent deposits. Business-type activities payables are composed entirely of amounts due to vendors.

E. Interfund receivables, payables and transfers

At June 30, 2008, no amounts were reported as interfund receivables and payables in the fund financial statements. However, certain amounts are reported as internal balances in the statement of net assets relative to the elimination of the Internal Service Fund.

For the year then ended, interfund transfers consisted of the following:

	<u>Transfer from:</u>					
	<u>General</u>	<u>Civic Auditorium Trust</u>	<u>Nonmajor Governmental</u>	<u>Wastewater</u>	<u>Water</u>	<u>Total</u>
Transfer to:						
General	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ 5,000
Local street	215,000	-	272,000	-	-	487,000
Business & technology park	250,000	-	400,000	210,390	243,234	1,103,624
Nonmajor governmental	686,000	48,199	-	-	-	734,199
	\$ 1,151,000	\$ 48,199	\$ 677,000	\$ 210,390	\$ 243,234	\$ 2,329,823

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. Leases

Capital leases – The City acquired certain computer equipment under a capital lease. The gross amount of assets acquired under capital leases was \$5,901. The following is a schedule of future minimum lease payments under this capital lease, together with the present value of the minimum lease payments, as of June 30, 2008:

2009	\$ 806
Less amount representing interest	<u>(10)</u>
Present value of minimum lease payments	<u>\$ 796</u>

Operating leases – The City has commitments under operating lease agreements that provide for annual minimum lease payments as follows:

2009	\$ 4,788
2010	<u>4,788</u>
Total	<u>\$ 9,576</u>

Rental expense for all operating leases aggregated \$4,788 for the year ended June 30, 2008.

G. Long-term debt

General obligation bonds. The government issues general obligation bonds to provide general funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities as well as for a component unit. The original amount of general obligation bonds issued in prior years for the governmental activities items listed below was \$465,000.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities:		
Public works	2.85% - 4.25%	<u>\$ 440,000</u>
Business-type Activities:		
Wastewater	2.85% - 4.25%	<u>\$1,965,000</u>
Component Unit - Downtown Development Authority:		
General government	4.05% - 5.00%	<u>\$1,240,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Component Unit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 15,000	\$ 16,499	\$ 85,000	\$ 15,966	\$ 95,000	\$ 60,332
2010	15,000	16,060	85,000	31,241	100,000	56,342
2011	20,000	15,525	85,000	29,859	115,000	51,342
2012	20,000	14,895	90,000	28,478	120,000	45,592
2013	25,000	14,163	90,000	27,057	55,000	39,592
2014-2018	175,000	53,442	470,000	112,977	395,000	151,278
2019-2023	170,000	14,814	510,000	73,858	360,000	36,630
2024-2028	-	-	550,000	32,458	-	-
	<u>\$ 440,000</u>	<u>\$ 145,398</u>	<u>\$ 1,965,000</u>	<u>\$ 351,894</u>	<u>\$ 1,240,000</u>	<u>\$ 441,108</u>

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Purchase agreement. The government entered into a purchase agreement for the acquisition of real property, which is interest only through July 1, 2019 at which time a balloon principal balance is due. Early principal payments on the agreement may be made without penalty. Such an early payment in the amount of \$63,019 was made during fiscal 2006; the principal balance was \$2,086,981 as of June 30, 2008. The original amount of the outstanding obligation was \$2,150,000 and carries interest at 4.45 percent. Because the asset acquired through this purchase agreement (see Note III.C.) was contributed to a discretely presented component unit, but the debt obligation remained with the primary government, the outstanding purchase agreement balance is not deducted for purposes of calculating the amount for invested in capital assets net of related debt for the governmental activities in the statement of net assets. Annual debt service requirements to maturity for the purchase agreement is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ -	\$ 97,270
2010	-	97,004
2011	-	97,004
2012	-	97,004
2013	-	97,270
2014-2018	-	485,286
2019-2020	<u>2,086,981</u>	<u>145,107</u>
	<u>\$2,086,981</u>	<u>\$ 1,115,945</u>

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Primary Government</u>					
Governmental activities					
General obligation bonds	\$ 455,000	\$ -	\$ 15,000	\$ 440,000	\$ 15,000
Purchase agreements	2,086,981	-	-	2,086,981	-
Capital lease	2,336	-	1,540	796	796
Compensated absences	514,504	318,469	290,307	542,666	306,197
	<u>\$ 3,058,821</u>	<u>\$ 318,469</u>	<u>\$ 306,847</u>	<u>\$ 3,070,443</u>	<u>\$ 321,993</u>
Business-type activities					
General obligation bonds	\$ -	\$ 1,379,872	\$ -	\$ 1,379,872	\$ 85,000
Revenue bonds	65,000	-	65,000	-	-
Compensated absences	115,729	66,249	53,264	128,714	45,516
	<u>\$ 180,729</u>	<u>\$ 1,446,121</u>	<u>\$ 118,264</u>	<u>\$ 1,508,586</u>	<u>\$ 130,516</u>
<u>Component Unit</u>					
General obligation bonds	<u>\$ 1,330,000</u>	<u>\$ -</u>	<u>\$ 90,000</u>	<u>\$ 1,240,000</u>	<u>\$ 95,000</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

During fiscal 2008 cash draws against business-type activities general obligation bonds amounted to \$1,379,872, which were the project construction costs incurred through June 30, 2008. The total amount authorized under this issue is \$1,965,000, of which \$585,128 remains available to be drawn.

H. Segment information – enterprise funds

The government has issued debt to finance certain improvements to its wastewater and water systems. Because these enterprise funds account entirely for these respective activities, they are segments and are reported as major funds in the fund financial statements. Accordingly, segment disclosures herein are not required.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

I. Restricted assets

The balances of the restricted asset accounts are as follows:

	Governmental activities	Business-type activities		
		Wastewater	Water	Total
Civic auditorium contribution	\$ 54	\$ -	\$ -	\$ -
Wastewater fund - capital replacement	-	545,602	-	545,602
Water fund - capital replacement	-	-	497,146	497,146
Total restricted assets	\$ 54	\$ 545,602	\$ 497,146	\$ 1,042,748
Restricted cash	\$ 54	\$ 545,602	\$ -	\$ 545,602
Restricted investments	-	-	497,146	497,146
Total restricted assets	\$ 54	\$ 545,602	\$ 497,146	\$ 1,042,748

J. Endowments

Civic Auditorium Permanent Trust Fund. For the year ended June 30, 2008, the net investment earnings of donor-restricted endowments was \$64,694 (\$53,927 of interest earnings and \$10,767 of appreciation on fair value of investments). Under the terms of the endowment, the City is authorized to spend the interest earnings on a calendar year basis for the benefit of the civic auditorium. However, any such interest earnings not expended during a particular fiscal year must be added to the nonexpendable principal or endowment balance. Accordingly, no amounts are available for authorized expenditure at year-end.

Cemetery Perpetual Care Permanent Trust Fund. For the year ended June 30, 2008, the net investment earnings of perpetual care endowments was \$24,431 (\$22,528 of interest earnings and \$1,903 of appreciation on fair value of investments). Under local ordinances and State statutes, the City is authorized based on a total-return policy to spend the net appreciation on the maintenance of the community cemetery. At June 30, 2008, accumulated available net appreciation of \$129,934 is reported in unrestricted net assets.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

IV. OTHER INFORMATION

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2008, the government carried insurance through various commercial carriers, including the Michigan Municipal League, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

B. Property taxes

The government's property taxes are levied each July 1 on the taxable valuation of property located in the City as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through August 31; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Lenawee County.

Assessed values as established annually by the government, and subject to acceptance by the County, are equalized by the State at an estimated 50% of current market value. Real and personal property in the City for the 2007 levy were assessed and equalized at \$286,988,988 (not including properties subject to Industrial Facilities Tax exemption), representing roughly 50% of estimated current market value. The government's general operating tax rate for fiscal year 2007-08 was 14.3966 mills.

Property taxes for the DDA are derived from a tax increment financing agreement between the DDA and other related taxing districts. Under this arrangement, the DDA receives those property taxes levied on the increment of current taxable valuations (determined as of the preceding December 31, the lien date) over base year assessed valuations on certain property located in the City of Tecumseh, which are within the DDA district. Property taxes are recognized in the fiscal year in which they are levied.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

C. Pension and postemployment health insurance benefit plan

The City has a single-employer defined benefit contributory pension plan, the City of Tecumseh Employees' Retirement System (the "Plan"), which provides retirement, death and disability benefits covering all of the City's full-time employees. The Plan also provides postemployment health insurance benefits to certain retirees and their beneficiaries, which are advance-funded on an actuarially determined basis. Membership of the Plan consisted of the following at June 30, 2007, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	26
Terminated plan members entitled to but not yet receiving benefits	5
Active plan members	<u>58</u>
	<u>89</u>

Eligible members are required to contribute 5.5% to 6.73% of their annual compensation to the Plan with the City contributing such additional amounts, as necessary, to provide assets sufficient to pay for member benefits. The City's contribution to the Plan for the year ended June 30, 2008, represents 20.84% of the annual covered payroll.

The City of Tecumseh is the administrator of the Plan. Administrative costs of the Plan are financed through investment earnings. The Plan is included as a pension trust fund in the City's financial statements; a stand-alone financial report of the Plan has not been issued.

Plan amendments are under the authority of the City of Tecumseh Ordinances. Changes in required contributions are subject to the approval of the City of Tecumseh Employees' Retirement System Board and the City Council.

The Plan's financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The City's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Investments are reported at fair value which is determined using selected bases as follows: short-term investments are reported at cost, which approximates fair value; securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; investments that do not have established fair values are reported at estimated fair value; and cash deposits are reported at carrying amounts which reasonably approximates fair value.

CITY OF TECUMSEH, MICHIGAN

Notes to the Financial Statements

The Plan's annual retirement benefits cost and net retirement benefits obligation for the current year were as follows:

Annual required contribution / retirement benefit cost	\$587,740
Contribution made	<u>587,740</u>
Decrease in net retirement benefit obligation	-
Net retirement benefit obligation, beginning of year	<u>-</u>
Net retirement benefit obligation, end of year	<u><u>\$ -</u></u>

The annual required contribution for the current year was determined as part of an actuarial valuation of the Plan as of June 30, 2006, using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on investments of 7.5%; (b) projected salary increases of 4.75% attributable to inflation; (c) additional projected salary increases ranging from zero to 4.25%, depending on age, attributable to seniority/merit; (d) projected pension benefit increases of 2.8% annually after retirement; and (e) projected annual health care cost increases of 5.5% attributable to inflation.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a four-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 20 years from June 30, 2007.

Three-Year Trend Information

<u>Year Ending</u>	<u>Annual Retirement Benefit Cost (ARBC)</u>	<u>Percentage of ARBC Contributed</u>	<u>Net Retirement Benefit Obligation</u>
6/30/06	\$ 552,123	100	\$ -
6/30/07	563,908	100	-
6/30/08	587,740	100	-

GASB Statement 25 required supplemental information is presented after the Notes to Financial Statements section of this report.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TECUMSEH, MICHIGAN

GASB Statement 25 Required Supplementary Information

Employees Retirement System

Schedule of Funding Progress

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date July 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) (2-1)	Funded Ratio (1/2)	Covered Payroll	UAAL as a % of Covered Payroll (3/5)
1998	\$ 7,429,870	\$ 7,784,434	\$ 354,564	95.4 %	\$ 1,869,797	19.0 %
1999	8,286,539	8,451,775	165,236	98.0	2,051,823	8.1
2000	9,497,499	9,623,399	125,900	98.7	2,099,324	6.0
2001	10,334,242	10,390,868	56,626	99.5	2,235,223	2.5
2002	10,796,391	11,476,620	680,229	94.1	2,335,861	29.1
2003	11,326,122	12,831,205	1,505,083	88.3	2,474,789	60.8
2004	11,735,749	13,832,854	2,097,105	84.8	2,542,599	82.5
2005	12,620,082	15,147,703	2,527,621	83.3	2,602,453	97.1
2006	13,802,018	16,463,083	2,661,065	83.8	2,571,150	103.5
2007	15,256,256	17,760,549	2,504,293	85.9	2,734,958	91.6

Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
1999	\$ 328,411	\$ 328,411	100.0 %
2000	322,432	322,432	100.0
2001	343,918	343,918	100.0
2002	376,667	376,667	100.0
2003	403,989	403,989	100.0
2004	456,833	456,833	100.0
2005	519,020	519,020	100.0
2006	552,123	552,123	100.0
2007	563,908	563,908	100.0
2008	587,740	587,740	100.0

**COMBINING and INDIVIDUAL FUND
FINANCIAL STATEMENTS and SCHEDULES**

CITY OF TECUMSEH, MICHIGAN
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	Special Revenue Funds					
	Major Street and Trunkline	Development Services	Municipal Purchase	Economic Development	PA-48	Civic Auditorium
<u>ASSETS</u>						
Cash and cash equivalents	\$ 311,663	\$ 70,791	\$ 1,677	\$ 9,514	\$ 6,200	\$ 125,208
Investments	-	-	-	-	-	114,329
Accounts receivable	33,660	5,998	-	-	-	16,952
Accrued interest receivable	-	-	-	-	-	1,689
Restricted cash	-	-	-	-	-	54
<u>TOTAL ASSETS</u>	<u>\$ 345,323</u>	<u>\$ 76,789</u>	<u>\$ 1,677</u>	<u>\$ 9,514</u>	<u>\$ 6,200</u>	<u>\$ 258,232</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities						
Accounts payable / accrued liabilities	\$ 20,013	\$ 50,667	\$ 8	\$ 2,958	\$ -	\$ 15,297
Fund Balances						
Reserved for:						
Perpetual care	-	-	-	-	-	-
Unreserved:						
Designated for subsequent year	57,689	526	-	5,584	-	23,632
Undesignated	267,621	25,596	1,669	972	6,200	219,303
Total fund balances	325,310	26,122	1,669	6,556	6,200	242,935
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 345,323</u>	<u>\$ 76,789</u>	<u>\$ 1,677</u>	<u>\$ 9,514</u>	<u>\$ 6,200</u>	<u>\$ 258,232</u>

Debt Service Funds			Capital Projects Funds			Permanent Fund	Total Nonmajor
Wastewater Sinking	1996 GOB	MTF Bonds	S. Maumee Reconstruction	Capital Improvements	Capital Improvements	Cemetery Care	Governmental Funds
\$ 5,247	\$ 4,549	\$ 724	\$ 58	\$ 61,018	\$ 170,050	\$ 41,058	\$ 807,757
-	-	-	-	-	-	564,851	679,180
-	-	-	-	-	-	-	56,610
-	-	-	-	-	-	5,075	6,764
-	-	-	-	-	-	-	54
<u>\$ 5,247</u>	<u>\$ 4,549</u>	<u>\$ 724</u>	<u>\$ 58</u>	<u>\$ 61,018</u>	<u>\$ 170,050</u>	<u>\$ 610,984</u>	<u>\$ 1,550,365</u>
\$ -	\$ -	\$ -	\$ -	\$ 620	\$ 52,667	\$ -	\$ 142,230
-	-	-	-	-	-	481,050	481,050
-	-	-	-	-	-	-	87,431
5,247	4,549	724	58	60,398	117,383	129,934	839,654
5,247	4,549	724	58	60,398	117,383	610,984	1,408,135
<u>\$ 5,247</u>	<u>\$ 4,549</u>	<u>\$ 724</u>	<u>\$ 58</u>	<u>\$ 61,018</u>	<u>\$ 170,050</u>	<u>\$ 610,984</u>	<u>\$ 1,550,365</u>

CITY OF TECUMSEH, MICHIGAN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds					
	Major Street and Trunkline	Development Services	Municipal Purchase	Economic Development	PA-48	Civic Auditorium
Revenues						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	65,430	-	-	-	-
Intergovernmental	442,479	-	-	-	26,281	4,500
Charges for services	-	40,422	-	-	-	167,296
Investment earnings	13,554	1,349	14,835	3,772	32	160,077
Contributions	-	-	-	-	-	74,478
Other revenues	-	-	14,334	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	456,033	107,201	29,169	3,772	26,313	406,351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	568,682	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Civic auditorium	-	-	-	-	-	452,475
Community development	-	239,953	79,180	208,054	-	-
Debt service:						
Principal	-	1,540	-	-	-	-
Interest and fiscal charges	-	72	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	568,682	241,565	79,180	208,054	-	452,475
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(112,649)	(134,364)	(50,011)	(204,282)	26,313	(46,124)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses)						
Transfers in	-	145,000	105,000	204,000	-	108,199
Transfers out	-	-	(400,000)	-	(22,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	145,000	(295,000)	204,000	(22,000)	108,199
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net changes in fund balances	(112,649)	10,636	(345,011)	(282)	4,313	62,075
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	437,959	15,486	346,680	6,838	1,887	180,860
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 325,310</u>	<u>\$ 26,122</u>	<u>\$ 1,669</u>	<u>\$ 6,556</u>	<u>\$ 6,200</u>	<u>\$ 242,935</u>

Debt Service Funds			Capital Projects Funds			Permanent Fund	Total
Wastewater Sinking	1996 GOB	MTF Bonds	S. Maumee Reconstruction	Streetscape Project	Capital Improvements	Cemetery Care	Nonmajor Governmental Funds
\$ 42	\$ 109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151
-	-	-	-	-	-	-	65,430
-	-	-	-	-	10,000	-	483,260
-	-	-	-	-	-	11,575	219,293
78	72	38	1	11,568	3,265	24,431	233,072
-	-	-	-	-	-	-	74,478
-	-	-	-	-	-	-	14,334
120	181	38	1	11,568	13,265	36,006	1,090,018
-	-	-	-	-	10,312	-	10,312
-	-	-	-	-	306,259	-	306,259
-	-	-	-	-	-	-	568,682
-	-	-	-	-	14,175	-	14,175
-	-	-	-	-	-	-	452,475
-	-	-	-	18,413	-	-	545,600
-	-	15,000	-	-	-	-	16,540
-	-	16,919	-	-	-	-	16,991
-	-	31,919	-	18,413	330,746	-	1,931,034
120	181	(31,881)	1	(6,845)	(317,481)	36,006	(841,016)
-	-	32,000	-	-	140,000	-	734,199
-	-	-	-	(250,000)	-	(5,000)	(677,000)
-	-	32,000	-	(250,000)	140,000	(5,000)	57,199
120	181	119	1	(256,845)	(177,481)	31,006	(783,817)
5,127	4,368	605	57	317,243	294,864	579,978	2,191,952
\$ 5,247	\$ 4,549	\$ 724	\$ 58	\$ 60,398	\$ 117,383	\$ 610,984	\$ 1,408,135

CITY OF TECUMSEH, MICHIGAN
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Major Street and Trunkline Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental - state	\$ 472,330	\$ 455,000	\$ 442,479	\$ (12,521)
Investment earnings	10,000	15,058	13,554	(1,504)
Other revenues	3,000	-	-	-
Total revenues	485,330	470,058	456,033	(14,025)
Expenditures				
Public Works:				
Street construction	192,500	71,000	61,920	(9,080)
Routine maintenance	279,275	283,400	328,320	44,920
Routine maintenance - bridges	-	4,700	4,700	-
Traffic services	35,764	14,463	14,577	114
Winter maintenance	50,728	54,741	54,741	-
Administration	76,650	78,100	79,524	1,424
Trunkline maintenance	20,550	29,219	24,900	(4,319)
Total expenditures	655,467	535,623	568,682	33,059
Revenues (under) expenditures	(170,137)	(65,565)	(112,649)	(47,084)
Other financing sources				
Transfers in	65,000	-	-	-
Net changes in fund balance	(105,137)	(65,565)	(112,649)	(47,084)
Fund balance, beginning of year	437,959	437,959	437,959	-
Fund balance, end of year	\$ 332,822	\$ 372,394	\$ 325,310	\$ (47,084)

CITY OF TECUMSEH, MICHIGAN
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Development Services Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Licenses and permits	\$ 110,000	\$ 62,000	\$ 65,430	\$ 3,430
Charges for services	41,500	32,876	40,422	7,546
Investment earnings	1,000	1,500	1,349	(151)
Total revenues	152,500	96,376	107,201	10,825
Expenditures				
Community development	270,699	233,403	239,953	6,550
Debt service:				
Principal	1,541	1,328	1,540	212
Interest and fiscal charges	72	72	72	-
Total expenditures	272,312	234,803	241,565	6,762
Revenues (under) expenditures	(118,199)	(137,027)	(134,364)	2,663
Other financing sources				
Transfers in	125,500	145,000	145,000	-
Net changes in fund balance	7,301	7,973	10,636	2,663
Fund balance, beginning of year	15,486	15,486	15,486	-
Fund balance, end of year	\$ 22,787	\$ 23,459	\$ 26,122	\$ 2,663

CITY OF TECUMSEH, MICHIGAN
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Municipal Purchase Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Investment earnings	\$ 14,600	\$ 14,600	\$ 14,835	\$ 235
Other revenues	-	14,334	14,334	-
Total revenues	14,600	28,934	29,169	235
Expenditures				
Community development	305,500	80,345	79,180	(1,165)
Revenues (under) expenditures	(290,900)	(51,411)	(50,011)	1,400
Other financing sources (uses)				
Transfers in	400,000	105,000	105,000	-
Transfers out	-	(400,000)	(400,000)	-
Total other sources (uses)	400,000	(295,000)	(295,000)	-
Net changes in fund balance	109,100	(346,411)	(345,011)	1,400
Fund balance, beginning of year	346,680	346,680	346,680	-
Fund balance, end of year	\$ 455,780	\$ 269	\$ 1,669	\$ 1,400

CITY OF TECUMSEH, MICHIGAN
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Economic Development Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Investment earnings	\$ 3,000	\$ 3,719	\$ 3,772	\$ 53
Expenditures				
Community development	205,662	207,364	208,054	690
Revenues (under) expenditures	(202,662)	(203,645)	(204,282)	(637)
Other financing sources				
Transfers in	204,000	204,000	204,000	-
Net changes in fund balance	1,338	355	(282)	(637)
Fund balance, beginning of year	6,838	6,838	6,838	-
Fund balance, end of year	\$ 8,176	\$ 7,193	\$ 6,556	\$ (637)

CITY OF TECUMSEH, MICHIGAN
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
PA-48 Fund
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 26,000	\$ 26,281	\$ 26,281	\$ -
Investment earnings	300	100	32	(68)
Total revenues	26,300	26,381	26,313	(68)
Other financing sources				
Transfers out	(25,000)	(22,000)	(22,000)	-
Net changes in fund balance	1,300	4,381	4,313	(68)
Fund balance, beginning of year	1,887	1,887	1,887	-
Fund balance, end of year	\$ 3,187	\$ 6,268	\$ 6,200	\$ (68)

CITY OF TECUMSEH, MICHIGAN
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Civic Auditorium
For the Year Ended June 30, 2008

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 12,500	\$ 7,900	\$ 4,500	\$ (3,400)
Charges for services	232,000	177,141	167,296	(9,845)
Investment earnings (loss)	9,500	147,246	160,077	12,831
Contributions	78,000	63,809	74,478	10,669
Total revenues	332,000	396,096	406,351	10,255
Expenditures				
Civic auditorium:				
Salaries, wages and stipends	159,318	189,489	192,405	2,916
Fringe benefits	55,786	58,916	58,815	(101)
Office expenditures	17,000	21,028	21,730	702
Contractual services	72,500	83,488	84,533	1,045
Repair and maintenance	12,500	15,127	15,645	518
Utilities	42,000	42,000	41,780	(220)
Other expenditures	23,000	35,575	37,567	1,992
Total expenditures	382,104	445,623	452,475	6,852
Revenues under expenditures	(50,104)	(49,527)	(46,124)	3,403
Other financing sources				
Transfers in	65,000	118,000	108,199	(9,801)
Net changes in fund balance	14,896	68,473	62,075	(6,398)
Fund balance, beginning of year	180,860	180,860	180,860	-
Fund balance, end of year	\$ 195,756	\$ 249,333	\$ 242,935	\$ (6,398)

CITY OF TECUMSEH, MICHIGAN
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2008

	<u>Current Tax</u>	<u>Delinquent Tax</u>	<u>Police Officers Emergency</u>	<u>Memorial Day Parade</u>	<u>Total</u>
Assets					
Cash and cash equivalents	\$ 2,510	\$ -	\$ 1,740	\$ 886	\$ 5,136
Delinquent taxes receivable	<u>-</u>	<u>107,987</u>	<u>-</u>	<u>-</u>	<u>107,987</u>
Total assets	<u><u>\$ 2,510</u></u>	<u><u>\$ 107,987</u></u>	<u><u>\$ 1,740</u></u>	<u><u>\$ 886</u></u>	<u><u>\$ 113,123</u></u>
Liabilities					
Accounts payable	\$ -	\$ 23,509	\$ -	\$ 50	\$ 23,559
Due to other governments	<u>2,510</u>	<u>84,478</u>	<u>1,740</u>	<u>836</u>	<u>89,564</u>
Total liabilities	<u><u>\$ 2,510</u></u>	<u><u>\$ 107,987</u></u>	<u><u>\$ 1,740</u></u>	<u><u>\$ 886</u></u>	<u><u>\$ 113,123</u></u>

CITY OF TECUMSEH, MICHIGAN
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Current Tax</u>				
Assets				
Cash	<u>\$ 2,510</u>	<u>\$ 37,902,595</u>	<u>\$ 37,902,595</u>	<u>\$ 2,510</u>
Liabilities				
Due to other governments	<u>\$ 2,510</u>	<u>\$ 37,902,595</u>	<u>\$ 37,902,595</u>	<u>\$ 2,510</u>
<u>Delinquent Tax</u>				
Assets				
Cash	<u>\$ -</u>	<u>\$ 17,659</u>	<u>\$ 17,659</u>	<u>\$ -</u>
Delinquent taxes receivable	<u>144,963</u>	<u>9,872</u>	<u>46,848</u>	<u>107,987</u>
Total assets	<u>\$ 144,963</u>	<u>\$ 27,531</u>	<u>\$ 64,507</u>	<u>\$ 107,987</u>
Liabilities				
Accounts payable	<u>\$ 33,338</u>	<u>\$ 2,971</u>	<u>\$ 12,800</u>	<u>\$ 23,509</u>
Due to other governments	<u>111,625</u>	<u>24,560</u>	<u>51,707</u>	<u>84,478</u>
Total liabilities	<u>\$ 144,963</u>	<u>\$ 27,531</u>	<u>\$ 64,507</u>	<u>\$ 107,987</u>
<u>Police Officers Emergency</u>				
Assets				
Cash	<u>\$ 1,714</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 1,740</u>
Liabilities				
Due to other governments	<u>\$ 1,714</u>	<u>\$ 26</u>	<u>\$ -</u>	<u>\$ 1,740</u>

Continued...

CITY OF TECUMSEH, MICHIGAN
Combining Statement of Changes in Assets and Liabilities (Concluded)
Agency Funds
For the Year Ended June 30, 2008

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Memorial Day Parade</u>				
Assets				
Cash	\$ 3,301	\$ 7,947	\$ 10,362	\$ 886
Liabilities				
Accounts payable	\$ 393	\$ 5,532	\$ 5,875	\$ 50
Due to other governments	2,908	2,415	4,487	836
	<u>\$ 3,301</u>	<u>\$ 7,947</u>	<u>\$ 10,362</u>	<u>\$ 886</u>
<u>Total All Agency Funds</u>				
Assets				
Cash	\$ 7,525	\$ 37,928,227	\$ 37,930,616	\$ 5,136
Delinquent taxes receivable	144,963	9,872	46,848	107,987
Total assets	<u>\$ 152,488</u>	<u>\$ 37,938,099</u>	<u>\$ 37,977,464</u>	<u>\$ 113,123</u>
Liabilities				
Accounts payable	\$ 33,731	\$ 8,503	\$ 18,675	\$ 23,559
Due to other governments	118,757	37,929,596	37,958,789	89,564
Total liabilities	<u>\$ 152,488</u>	<u>\$ 37,938,099</u>	<u>\$ 37,977,464</u>	<u>\$ 113,123</u>

DISCRETELY PRESENTED COMPONENT UNIT

CITY OF TECUMSEH, MICHIGAN
Statement of Net Assets and
Governmental Funds Balance Sheet
Downtown Development Authority Component Unit
June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt</u>			<u>Statement of</u>
	<u>Operating</u>	<u>Public</u>	<u>Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Net Assets</u>
		<u>Art</u>	<u>Fund</u>			
Assets						
Cash and cash equivalents	\$ 165,346	\$ 4,815	\$ 2,456	\$ 172,617	\$ -	\$ 172,617
Unamortized bond issuance costs	-	-	-	-	45,136	45,136
Capital assets, net	-	-	-	-	56,000	56,000
Total assets	<u>\$ 165,346</u>	<u>\$ 4,815</u>	<u>\$ 2,456</u>	<u>\$ 172,617</u>	101,136	273,753
Liabilities						
Accounts payable / accrued liabilities	\$ 12,049	\$ 185	\$ -	\$ 12,234	-	12,234
Accrued interest payable	-	-	-	-	5,028	5,028
Unamortized bond premium	-	-	-	-	10,586	10,586
Long-term liabilities:						
Due within one year	-	-	-	-	95,000	95,000
Due in more than one year	-	-	-	-	1,145,000	1,145,000
Total liabilities	12,049	185	-	12,234	1,255,614	1,267,848
Fund balances / net assets						
Unreserved, undesignated	153,297	4,630	2,456	160,383	(160,383)	-
Total liabilities and fund balances	<u>\$ 165,346</u>	<u>\$ 4,815</u>	<u>\$ 2,456</u>	<u>\$ 172,617</u>		
Net assets:						
Invested in capital assets					56,000	56,000
Restricted for debt service					2,456	2,456
Unrestricted (deficit)					(1,052,551)	(1,052,551)
Total net assets (deficit)					<u>\$ (994,095)</u>	<u>\$ (994,095)</u>

CITY OF TECUMSEH, MICHIGAN
Statement of Activities and
Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
Downtown Development Authority Component Unit
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt</u>			<u>Statement of</u>
	<u>Operating</u>	<u>Public Art</u>	<u>Service Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Activities</u>
Expenditures/expenses						
Community development	\$ 50,972	\$ 12,887	\$ -	\$ 63,859	\$ -	\$ 63,859
Debt service:						
Principal	-	-	90,000	90,000	(90,000)	-
Interest and fiscal charges	-	-	64,253	64,253	3,168	67,421
Total expenditures/expenses	50,972	12,887	154,253	218,112	(86,832)	131,280
Program revenues - operating grants	-	6,500	-	6,500	-	6,500
Net program (expense) revenue	(50,972)	(6,387)	(154,253)	(211,612)	86,832	(124,780)
General revenues						
Property taxes	245,933	-	-	245,933	-	245,933
Investment earnings	5,551	17	37	5,605	814	6,419
Total general revenues	251,484	17	37	251,538	814	252,352
Excess of general revenues over (under) expenditures/expenses	200,512	(6,370)	(154,216)	39,926	87,646	127,572
Other financing sources (uses)						
Transfers in	-	11,000	154,253	165,253	-	165,253
Transfers out	(165,253)	-	-	(165,253)	-	(165,253)
Total other financing sources (uses)	(165,253)	11,000	154,253	-	-	-
Net changes in fund balances	35,259	4,630	37	39,926	(39,926)	-
Change in net assets	-	-	-	-	127,572	127,572
Fund balance/net assets (deficit), beginning of year	118,038	-	2,419	120,457	(1,242,124)	(1,121,667)
Fund balance/net assets (deficit), end of year	<u>\$ 153,297</u>	<u>\$ 4,630</u>	<u>\$ 2,456</u>	<u>\$ 160,383</u>	<u>\$ (1,154,478)</u>	<u>\$ (994,095)</u>

STATISTICAL SECTION

Statistical Section

This part of the City of Tecumseh's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	73-78
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	79-82
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	83-86
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	87-88
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	89-91

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2001; schedules presenting government-wide information include information beginning in that year.

Financial Trends

CITY OF TECUMSEH, MICHIGAN

Net Assets by Component

Last Eight Fiscal Years (A)

(accrual basis of accounting)

	2001	2002	2003	2004	2005
Governmental activities					
Invested in capital assets, net of related debt	\$ 10,936,514	\$ 11,790,604	\$ 12,828,065	\$ 14,575,225	\$ 14,344,766
Restricted	3,564,385	4,007,336	3,283,400	3,214,150	4,102,632
Unrestricted	604,646	594,724	553,666	1,023,204	(736,355)
Total governmental activities net assets	<u>\$ 15,105,545</u>	<u>\$ 16,392,664</u>	<u>\$ 16,665,131</u>	<u>\$ 18,812,579</u>	<u>\$ 17,711,043</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 10,248,279	\$ 10,197,348	\$ 9,993,100	\$ 10,276,538	\$ 11,043,768
Restricted	1,154,778	1,233,958	1,297,957	1,356,359	1,129,549
Unrestricted	912,675	836,603	753,033	502,389	467,147
Total business-type activities net assets	<u>\$ 12,315,732</u>	<u>\$ 12,267,909</u>	<u>\$ 12,044,090</u>	<u>\$ 12,135,286</u>	<u>\$ 12,640,464</u>
Primary government					
Invested in capital assets, net of related debt	\$ 21,184,793	\$ 21,987,952	\$ 22,821,165	\$ 24,851,763	\$ 25,388,534
Restricted	4,719,163	5,241,294	4,581,357	4,570,509	5,232,181
Unrestricted	1,517,321	1,431,327	1,306,699	1,525,593	(269,208)
Total primary government net assets	<u>\$ 27,421,277</u>	<u>\$ 28,660,573</u>	<u>\$ 28,709,221</u>	<u>\$ 30,947,865</u>	<u>\$ 30,351,507</u>

(A) - City of Tecumseh implemented GASB Statement No. 34 as of and for the year ended June 30, 2001. Accordingly, data prior to 2001 is not available.

Source: City of Tecumseh Finance Department

Schedule 1
UNAUDITED

<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 15,610,207	\$ 15,811,861	\$ 15,908,055
2,747,827	2,623,049	2,246,052
(402,533)	(129,668)	581,093
<u>\$ 17,955,501</u>	<u>\$ 18,305,242</u>	<u>\$ 18,735,200</u>
\$ 11,079,267	\$ 11,016,909	\$ 10,815,479
1,318,870	1,540,395	1,042,748
627,398	370,372	473,686
<u>\$ 13,025,535</u>	<u>\$ 12,927,676</u>	<u>\$ 12,331,913</u>
\$ 26,689,474	\$ 26,828,770	\$ 26,723,534
4,066,697	4,163,444	3,288,800
224,865	240,704	1,054,779
<u>\$ 30,981,036</u>	<u>\$ 31,232,918</u>	<u>\$ 31,067,113</u>

CITY OF TECUMSEH, MICHIGAN

Changes in Net Assets Last Eight Fiscal Years (A)

(accrual basis of accounting)

	2001	2002	2003	2004	2005
Expenses					
Governmental activities:					
General government	\$ 1,737,172	\$ 1,563,111	\$ 1,968,749	\$ 1,902,129	\$ 1,929,198
Public safety	1,762,963	1,844,880	2,026,623	1,959,801	2,115,183
Public works	819,019	1,071,418	968,094	879,861	996,158
Parks and recreation	346,490	938,994	532,872	509,510	499,599
Civic auditorium	329,252	377,877	506,451	554,277	632,450
Community development	146,956	145,892	169,014	200,407	2,240,235
Interest on long-term debt	61,304	49,387	55,084	32,422	81,822
Total governmental activities expenses	<u>5,203,156</u>	<u>5,991,559</u>	<u>6,226,887</u>	<u>6,038,407</u>	<u>8,494,645</u>
Business-type activities:					
Wastewater	935,352	1,006,304	1,026,630	1,063,244	1,043,927
Water	540,488	589,486	590,288	617,593	630,347
Total business-type activities expenses	<u>1,475,840</u>	<u>1,595,790</u>	<u>1,616,918</u>	<u>1,680,837</u>	<u>1,674,274</u>
Total primary government expenses	<u>6,678,996</u>	<u>7,587,349</u>	<u>7,843,805</u>	<u>7,719,244</u>	<u>10,168,919</u>
Program revenues					
Governmental activities:					
Charges for services:					
General government	378,061	399,882	371,472	422,343	538,265
Public safety	79,337	80,935	87,185	94,445	94,584
Public works	-	-	-	-	-
Parks and recreation	111,297	101,667	84,429	88,576	98,947
Civic auditorium	64,801	51,935	79,967	101,079	100,626
Community development	-	-	-	-	-
Operating grants and contributions	1,182,722	1,109,205	711,872	1,297,695	635,127
Capital grants and contributions	34,044	947,286	482,508	1,415,418	436,220
Total governmental activities program revenues	<u>1,850,262</u>	<u>2,690,910</u>	<u>1,817,433</u>	<u>3,419,556</u>	<u>1,903,769</u>
Business-type activities:					
Charges for services:					
Wastewater	731,743	735,516	756,367	673,296	841,426
Water	486,868	496,814	520,098	493,398	626,143
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	172,037	352,418	176,250	658,979	975,000
Total business-type activities program revenues	<u>1,390,648</u>	<u>1,584,748</u>	<u>1,452,715</u>	<u>1,825,673</u>	<u>2,442,569</u>
Total primary government program revenues	<u>3,240,910</u>	<u>4,275,658</u>	<u>3,270,148</u>	<u>5,245,229</u>	<u>4,346,338</u>
Net (Expense)/Revenue					
Government activities	(3,352,894)	(3,300,649)	(4,409,454)	(2,618,851)	(6,590,876)
Business-type activities	<u>(85,192)</u>	<u>(11,042)</u>	<u>(164,203)</u>	<u>144,836</u>	<u>768,295</u>
Total primary government net expense	<u>(3,438,086)</u>	<u>(3,311,691)</u>	<u>(4,573,657)</u>	<u>(2,474,015)</u>	<u>(5,822,581)</u>

Schedule 2
UNAUDITED

2006	2007	2008
\$ 1,575,053	\$ 1,624,898	\$ 1,523,991
2,163,553	2,206,194	2,351,821
996,024	1,082,985	1,231,859
661,173	751,336	746,924
555,002	501,271	507,926
522,402	531,668	611,858
125,960	113,637	111,211
<u>6,599,167</u>	<u>6,811,989</u>	<u>7,085,590</u>
1,054,516	1,166,237	1,169,574
654,754	630,444	630,631
<u>1,709,270</u>	<u>1,796,681</u>	<u>1,800,205</u>
<u>8,308,437</u>	<u>8,608,670</u>	<u>8,885,795</u>
319,857	400,253	387,166
102,961	117,064	117,563
-	4,396	-
112,605	115,235	120,804
49,006	120,333	137,096
206,686	120,398	120,186
684,781	801,648	1,030,456
475,034	380,302	76,141
<u>1,950,930</u>	<u>2,059,629</u>	<u>1,989,412</u>
986,383	980,262	980,591
629,868	568,008	555,385
-	-	-
96,678	49,028	39,383
<u>1,712,929</u>	<u>1,597,298</u>	<u>1,575,359</u>
<u>3,663,859</u>	<u>3,656,927</u>	<u>3,564,771</u>
(4,648,237)	(4,752,360)	(5,096,178)
3,659	(199,383)	(224,846)
<u>(4,644,578)</u>	<u>(4,951,743)</u>	<u>(5,321,024)</u>

Continued...

CITY OF TECUMSEH
Changes in Net Assets (Concluded)
Last Eight Fiscal Years (A)
(accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Revenues					
Governmental activities:					
Property taxes	\$ 3,092,865	\$ 3,316,311	\$ 3,578,655	\$ 3,730,787	\$ 3,780,738
Unrestricted grants and contributions	1,032,572	1,058,907	930,877	900,596	881,177
Investment earnings	190,020	77,283	42,496	19,223	66,782
Gain on sale of capital assets	-	30,880	25,335	22,950	749,592
Contributions to permanent funds	13,188	15,387	19,213	24,747	11,050
Transfers	99,000	89,000	85,345	67,996	-
Total governmental activities	<u>4,427,645</u>	<u>4,587,768</u>	<u>4,681,921</u>	<u>4,766,299</u>	<u>5,489,339</u>
Business-type activities:					
Investment earnings	122,594	52,219	25,729	14,356	36,883
Transfers	(99,000)	(89,000)	(85,345)	(67,996)	-
Total business-type activities	<u>23,594</u>	<u>(36,781)</u>	<u>(59,616)</u>	<u>(53,640)</u>	<u>36,883</u>
Total primary government	<u>4,451,239</u>	<u>4,550,987</u>	<u>4,622,305</u>	<u>4,712,659</u>	<u>5,526,222</u>
Change in Net Assets					
Government activities	1,074,751	1,287,119	272,467	2,147,448	(1,101,537)
Business-type activities	<u>(61,598)</u>	<u>(47,823)</u>	<u>(223,819)</u>	<u>91,196</u>	<u>805,178</u>
Total primary government	<u>\$ 1,013,153</u>	<u>\$ 1,239,296</u>	<u>\$ 48,648</u>	<u>\$ 2,238,644</u>	<u>\$ (296,359)</u>

(A) - City of Tecumseh implemented GASB Statement No. 34 as of and for the year ended June 30, 2001. Accordingly, data prior to 2001 is not available.

Source: City of Tecumseh Finance Department

Schedule 2
UNAUDITED

2006	2007	2008
\$ 3,875,075	\$ 4,056,239	\$ 4,078,900
824,403	815,190	797,401
183,542	214,897	184,636
-	-	-
9,675	15,775	11,575
-	-	453,624
<u>4,892,695</u>	<u>5,102,101</u>	<u>5,526,136</u>
81,412	101,524	82,707
-	-	(453,624)
<u>81,412</u>	<u>101,524</u>	<u>(370,917)</u>
<u>4,974,107</u>	<u>5,203,625</u>	<u>5,155,219</u>
244,458	349,741	429,958
<u>85,071</u>	<u>(97,859)</u>	<u>(595,763)</u>
<u>\$ 329,529</u>	<u>\$ 251,882</u>	<u>\$ (165,805)</u>

CITY OF TECUMSEH, MICHIGAN
Fund Balances - Governmental Funds
Last Eight Fiscal Years (A)
(modified accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved	\$ 6,748	\$ 439,020	\$ 112,116	\$ 64,138	\$ 84,369
Unreserved	<u>1,205,173</u>	<u>643,085</u>	<u>576,652</u>	<u>1,073,024</u>	<u>1,115,671</u>
Total general fund	<u>\$ 1,211,921</u>	<u>\$ 1,082,105</u>	<u>\$ 688,768</u>	<u>\$ 1,137,162</u>	<u>\$ 1,200,040</u>
 All Other Governmental Funds					
Reserved	\$ 1,520,754	\$ 1,629,163	\$ 1,669,903	\$ 2,139,814	\$ 1,658,587
Unreserved, reported in:					
Special revenue funds	1,957,681	1,771,885	1,084,375	833,239	1,280,489
Debt service funds	88,354	77,039	72,279	61,460	124,453
Capital projects funds	92,823	394,380	357,813	148,727	1,383,922
Permanent fund	<u>116,989</u>	<u>125,614</u>	<u>127,784</u>	<u>70,081</u>	<u>91,748</u>
Total all other governmental funds	<u>\$ 3,776,601</u>	<u>\$ 3,998,081</u>	<u>\$ 3,312,154</u>	<u>\$ 3,253,321</u>	<u>\$ 4,539,199</u>

(A) - City of Tecumseh implemented GASB Statement No. 34 as of and for the year ended June 30, 2001. Accordingly, data prior to 2001 is not available.

Source: City of Tecumseh Finance Department

Schedule 3
UNAUDITED

<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 263,665	\$ 339,310	\$ 107,980
<u>892,025</u>	<u>889,241</u>	<u>1,248,996</u>
<u><u>\$ 1,155,690</u></u>	<u><u>\$ 1,228,551</u></u>	<u><u>\$ 1,356,976</u></u>
\$ 1,638,011	\$ 1,655,730	\$ 1,684,824
1,251,109	1,177,290	700,881
48,771	10,100	10,520
511,063	612,164	1,282,423
<u>86,890</u>	<u>110,503</u>	<u>129,934</u>
<u><u>\$ 3,535,844</u></u>	<u><u>\$ 3,565,787</u></u>	<u><u>\$ 3,808,582</u></u>

CITY OF TECUMSEH, MICHIGAN
Changes in Fund Balances - Governmental Funds (1)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1999	2000	2001	2002	2003
Revenues					
Taxes and special assessments	\$ 2,871,520	\$ 2,957,394	\$ 3,108,053	\$ 3,390,541	\$ 3,615,385
Licenses and permits	147,679	144,150	208,801	207,669	171,027
Intergovernmental	1,478,894	1,468,659	1,615,889	1,842,030	1,527,797
Charges for services	238,295	267,764	372,842	562,692	463,016
Fines and forfeits	32,791	38,981	36,837	33,357	36,482
Investment earnings	145,405	162,193	607,935	364,988	37,694
Contributions and other revenues	201,377	168,611	197,796	594,781	179,302
Total revenues	<u>5,115,961</u>	<u>5,207,752</u>	<u>6,148,153</u>	<u>6,996,058</u>	<u>6,030,703</u>
Expenditures					
General government	1,717,127	1,918,618	1,728,345	1,892,067	1,952,095
Public safety	1,529,975	1,549,888	1,664,314	1,991,089	2,217,056
Public works	1,138,863	1,085,173	1,151,117	1,319,727	1,512,683
Parks and recreation	408,578	416,066	481,635	895,397	498,390
Civic auditorium (2)	-	-	282,478	409,440	481,801
Community development	115,951	128,966	144,582	152,964	168,393
Debt service:					
Principal	195,000	235,000	255,000	280,000	355,400
Interest and fiscal charges	87,435	76,960	64,888	52,710	58,740
Total expenditures	<u>5,192,929</u>	<u>5,410,671</u>	<u>5,772,359</u>	<u>6,993,394</u>	<u>7,244,558</u>
Revenues over (under) expenditures	<u>(76,968)</u>	<u>(202,919)</u>	<u>375,794</u>	<u>2,664</u>	<u>(1,213,855)</u>
Other financing sources (uses)					
Transfers in	637,126	802,321	846,635	990,000	1,051,760
Transfers from component unit	37,600	55,388	-	-	-
Transfers out	(545,803)	(674,321)	(747,635)	(901,000)	(966,415)
Long-term debt issued	-	-	-	-	-
Proceeds from sale of capital assets	-	-	149,855	-	49,246
Total other financing sources (uses)	<u>128,923</u>	<u>183,388</u>	<u>248,855</u>	<u>89,000</u>	<u>134,591</u>
Net changes in fund balances	<u>\$ 51,955</u>	<u>\$ (19,531)</u>	<u>\$ 624,649</u>	<u>\$ 91,664</u>	<u>\$ (1,079,264)</u>
Debt services as a percentage of noncapital expenditures	<u>6.99%</u>	<u>6.40%</u>	<u>6.84%</u>	<u>5.91%</u>	<u>7.56%</u>

(1) Includes general, special revenue and debt service funds through fiscal 2000; includes all governmental funds thereafter.

(2) Beginning in fiscal 2001, the Civic Auditorium fund was reclassified from an enterprise to special revenue fund.

Source: City of Tecumseh Finance Department

Schedule 4
UNAUDITED

2004	2005	2006	2007	2008
\$ 3,730,787	\$ 3,780,738	\$ 3,895,428	\$ 4,098,447	\$ 4,093,605
194,289	213,289	244,834	210,499	166,161
1,543,543	1,496,708	1,467,171	1,498,842	1,477,053
510,974	509,798	567,748	611,019	635,161
40,445	36,584	42,961	50,874	52,651
76,644	77,953	97,534	296,598	452,671
681,979	118,679	199,169	357,161	113,920
<u>6,778,661</u>	<u>6,233,749</u>	<u>6,514,845</u>	<u>7,123,440</u>	<u>6,991,222</u>
1,848,328	1,841,889	1,484,463	1,535,475	1,495,271
1,871,376	1,940,903	2,039,417	2,332,862	2,470,519
1,057,214	941,134	1,004,618	1,265,558	1,434,538
542,412	502,449	671,670	637,344	553,539
570,952	580,206	511,491	444,353	452,475
170,177	2,349,616	1,500,105	466,477	545,600
360,400	180,400	253,419	221,873	16,540
36,237	66,637	122,367	116,694	111,152
<u>6,457,096</u>	<u>8,403,234</u>	<u>7,587,550</u>	<u>7,020,636</u>	<u>7,079,634</u>
<u>321,565</u>	<u>(2,169,485)</u>	<u>(1,072,705)</u>	<u>102,804</u>	<u>(88,412)</u>
754,707	2,542,859	1,470,816	1,447,420	2,329,823
-	-	-	-	-
(686,711)	(2,542,859)	(1,470,816)	(1,447,420)	(1,876,199)
-	2,620,901	-	-	-
-	897,340	25,000	-	6,008
<u>67,996</u>	<u>3,518,241</u>	<u>25,000</u>	<u>-</u>	<u>459,632</u>
<u>\$ 389,561</u>	<u>\$ 1,348,756</u>	<u>\$ (1,047,705)</u>	<u>\$ 102,804</u>	<u>\$ 371,220</u>
<u>9.81%</u>	<u>3.31%</u>	<u>6.55%</u>	<u>5.35%</u>	<u>2.03%</u>

CITY OF TECUMSEH, MICHIGAN
Changes in Fund Balances - General Fund
Last Ten Fiscal Years

(modified accrual basis of accounting)

	1999	2000	2001	2002	2003
Revenues					
Taxes and special assessments	\$ 2,649,826	\$ 2,738,565	\$ 2,891,385	\$ 3,160,381	\$ 3,366,139
Licenses and permits	147,679	144,150	208,801	207,669	171,027
Intergovernmental	955,299	955,317	1,058,594	1,079,532	951,777
Charges for services	238,295	267,764	290,853	491,370	327,336
Fines and forfeits	32,791	38,981	36,837	33,357	36,482
Investment earnings	127,302	136,742	183,616	74,170	45,235
Contributions	148,690	117,223	20,841	557,934	103,784
Other revenues	20,977	32,358	21,560	23,445	21,346
Total revenues	4,320,859	4,431,100	4,712,487	5,627,858	5,023,126
Expenditures					
Current:					
General government	1,717,127	1,918,618	1,728,345	1,892,067	1,952,095
Public safety	1,529,975	1,549,888	1,664,314	1,991,089	2,217,056
Public works	113,811	355	27,961	150,121	107,859
Parks and recreation	408,578	416,066	481,635	895,397	498,390
Debt Service:					
Principal	-	-	-	-	55,400
Interest and fiscal charges	-	-	-	-	18,465
Total expenditures	3,769,491	3,884,927	3,902,255	4,928,674	4,849,265
Revenues over (under) expenditures	551,368	546,173	810,232	699,184	173,861
Other financing sources (uses)					
Transfers in	38,486	36,000	36,000	36,000	140,328
Transfers out	(485,163)	(674,321)	(711,635)	(865,000)	(756,772)
Issuance of capital lease	-	-	-	-	-
Proceeds from sale of capital assets	-	-	149,855	-	49,246
Total other financing sources (uses)	(446,677)	(638,321)	(525,780)	(829,000)	(567,198)
Net changes in fund balances	<u>\$ 104,691</u>	<u>\$ (92,148)</u>	<u>\$ 284,452</u>	<u>\$ (129,816)</u>	<u>\$ (393,337)</u>

Source: City of Tecumseh Finance Department

Schedule 5
UNAUDITED

2004	2005	2006	2007	2008
\$ 3,478,190	\$ 3,641,641	\$ 3,762,383	\$ 3,978,434	\$ 4,093,454
194,289	213,289	94,631	121,823	100,731
914,333	862,887	844,411	836,584	845,591
354,148	381,122	357,116	395,307	415,868
40,445	36,584	42,961	50,874	52,651
27,108	72,524	138,395	181,584	153,396
113,417	42,878	156,735	290,156	10,480
34,138	56,447	23,350	15,239	13,604
<u>5,156,068</u>	<u>5,307,372</u>	<u>5,419,982</u>	<u>5,870,001</u>	<u>5,685,775</u>
1,848,328	1,841,889	1,484,463	1,514,871	1,484,959
1,871,376	1,894,503	2,020,567	2,078,109	2,164,260
-	46,483	6,220	174,522	134,614
542,412	502,449	564,985	555,465	539,364
55,400	55,400	55,400	55,400	-
9,435	15,243	101,313	95,430	94,161
<u>4,326,951</u>	<u>4,355,967</u>	<u>4,232,948</u>	<u>4,473,797</u>	<u>4,417,358</u>
<u>829,117</u>	<u>951,405</u>	<u>1,187,034</u>	<u>1,396,204</u>	<u>1,268,417</u>
125,027	99,000	65,191	-	5,000
(505,750)	(1,890,768)	(1,321,575)	(1,323,343)	(1,151,000)
-	5,901	-	-	-
-	897,340	25,000	-	6,008
<u>(380,723)</u>	<u>(888,527)</u>	<u>(1,231,384)</u>	<u>(1,323,343)</u>	<u>(1,139,992)</u>
<u>\$ 448,394</u>	<u>\$ 62,878</u>	<u>\$ (44,350)</u>	<u>\$ 72,861</u>	<u>\$ 128,425</u>

Revenue Capacity

CITY OF TECUMSEH, MICHIGAN
Taxable and Estimated Actual Value of Property
Last Ten Fiscal Years

As of December 31,	FYE June 30,	Real Property (1)		Personal Property (1)		Total		(2) Total
		Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Direct Tax Rate
2006	2008	\$ 265,669,626	\$ 531,339,252	\$ 29,479,700	\$ 58,959,400	\$ 295,149,326	\$ 590,298,652	14.3966
2005	2007	256,179,277	512,358,554	32,867,900	65,735,800	289,047,177	578,094,354	14.8246
2004	2006	241,516,924	483,033,848	34,521,900	69,043,800	276,038,824	552,077,648	14.8966
2003	2005	233,506,933	467,013,866	32,207,900	64,415,800	265,714,833	531,429,666	14.8450
2002	2004	222,713,306	445,426,612	33,086,448	66,172,896	255,799,754	511,599,508	15.5300
2001	2003	211,902,460	423,804,920	31,026,231	62,052,462	242,928,691	485,857,382	15.5600
2000	2002	198,823,574	397,647,148	31,962,803	63,925,606	230,786,377	461,572,754	15.5600
1999	2001	184,928,214	369,856,428	31,256,313	62,512,626	216,184,527	432,369,054	15.5600
1998	2000	173,403,063	346,806,126	34,652,920	69,305,840	208,055,983	416,111,966	15.5600
1997	1999	162,938,094	325,876,188	39,362,945	78,725,890	202,301,039	404,602,078	15.5600

(1) Includes properties subject to Industrial Facility Tax exemptions.

(2) Per \$1,000 of taxable value.

CITY OF TECUMSEH, MICHIGAN
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of taxable value)

Fiscal Year Ended June 30,	City	Tecumseh Public Schools	State Education Tax	Lenawee		Tecumseh District Library	Totals	
				Intermediate School District	County		Homestead	Non- Homestead
2008	14.3966	25.2000	6.0000	7.2796	5.6128	1.1472	41.6362	59.6362
2007	14.8246	25.2000	6.0000	7.2900	5.6270	1.1472	42.0888	60.0888
2006	14.8966	25.2000	6.0000	7.3409	5.6663	1.1472	42.2510	60.2510
2005	14.8450	25.1567	6.0000	7.4102	5.7145	1.1472	42.3169	60.2736
2004	15.5300	23.2906	5.0000	7.4867	5.7730	1.1500	42.1397	58.2303
2003	15.5600	23.2907	6.0000	7.5465	5.8191	-	42.1256	58.2163
2002	15.5600	25.0290	6.0000	7.6449	5.6165	-	42.0214	59.8504
2001	15.5600	23.3290	6.0000	7.7073	5.6420	-	40.4093	58.2383
2000	15.5600	23.3290	6.0000	6.6073	5.6555	-	39.3228	57.1518
1999	15.5600	19.1000	6.0000	6.6849	5.6178	-	34.9627	52.9627

SOURCES: Annual Apportionment Report of Lenawee County

CITY OF TECUMSEH, MICHIGAN
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	(1) Taxable Valuation	Rank	% of Total City Taxable Value	(1) Taxable Valuation	Rank	% of Total City Taxable Value
Lenawee Stamping Corporation	\$ 18,700,000	1	6.34%	\$ 19,045,500	1	9.41%
Tecumseh Products Company	8,564,473	2	2.90%	18,436,388	2	9.11%
Consumers Energy Company	2,752,829	3	0.93%	2,799,800	3	1.38%
United Bank and Trust	2,646,939	4	0.90%	2,067,061	6	1.02%
Donald J. Martin Trust	2,591,497	5	0.88%	-		0.00%
Tecumseh Place Apartments	2,555,389	6	0.87%	2,482,363	4	1.23%
Tecumseh Plaza (SETO)	2,299,000	7	0.78%	2,090,643	5	1.03%
Ervin Industries	2,157,626	8	0.73%	1,965,911	7	0.97%
Tecumseh Packaging	1,913,200	9	0.65%	1,862,807	8	0.92%
Cambrian of Tecumseh, LLC	1,666,288	10	0.56%	-		0.00%
Faraday, Inc.	-		-	1,568,100	9	0.78%
George Murphy	-		-	1,344,800	10	0.66%
	<u>\$ 45,847,241</u>		<u>15.53%</u>	<u>\$ 53,663,373</u>		<u>25.09%</u>

(1) Includes ad valorem and Industrials Facilities Tax property (at full value).

SOURCE: Assessor and Treasurer, City of Tecumseh

CITY OF TECUMSEH, MICHIGAN

Property Tax Levies and Collections

Last Ten Fiscal Years

(1)	(2)	Collected within the		(3)	Total Collections to Date	
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy		Delinquent Collections	Amount	% of Levy
		Amount	% of Levy			
2008	\$ 4,185,847	\$ 3,938,272	94.1%	\$ 138,843	\$ 4,077,115	97.4%
2007	4,159,786	4,028,312	96.8%	128,795	4,157,107	99.9%
2006	3,985,374	3,857,201	96.8%	104,780	3,961,981	99.4%
2005	3,828,177	3,725,289	97.3%	94,875	3,820,164	99.8%
2004	3,830,362	3,733,713	97.5%	85,249	3,818,962	99.7%
2003	3,676,747	3,579,371	97.4%	81,419	3,660,790	99.6%
2002	3,400,837	3,242,042	95.3%	75,641	3,317,683	97.6%
2001	3,163,481	3,070,613	97.1%	75,506	3,146,119	99.5%
2000	3,016,442	2,944,504	97.6%	69,585	3,014,089	99.9%
1999	2,877,550	2,780,701	96.6%	95,900	2,876,601	100.0%

(1) Property taxes are levied July 1 of the current fiscal year based on taxable property values as of the preceding December 31. Unpaid property taxes become delinquent as of September 1 of the current fiscal year. The City's delinquent real property taxes are purchased by the Lenawee County Delinquent Tax Revolving Fund. Uncollected personal property taxes must be collected by the City Treasurer.

(2) Includes Industrial Facility Tax.

(3) Includes settlement from Lenawee County Delinquent Tax Revolving for purchase of delinquent real property taxes.

Debt Capacity

CITY OF TECUMSEH, MICHIGAN
Ratios of General Bonded Debt Outstanding
Last Ten Years

Year	General Bonded Debt Outstanding			% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total		
2008	\$ 440,000	\$ 4,549	\$ 435,451	0.15%	\$ 49.94
2007	455,000	4,368	450,632	0.16%	50.84
2006	620,000	48,771	571,229	0.21%	66.62
2005	755,000	124,453	630,547	0.24%	73.54
2004	415,000	61,460	353,540	0.14%	41.23
2003	720,000	72,279	647,721	0.27%	75.54
2002	1,020,000	77,039	942,961	0.41%	109.98
2001	1,300,000	88,354	1,211,646	0.56%	141.32
2000	1,555,000	86,829	1,468,171	0.71%	175.83
1999	1,790,000	82,359	1,707,641	0.84%	204.51

Source: City of Tecumseh Finance Department

CITY OF TECUMSEH, MICHIGAN
Computation of Net Direct and Overlapping Debt
As of June 30, 2008

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Entity	Net Amount Outstanding
Direct debt			
General obligation bonds	\$ 440,000	\$ -	\$ 440,000
General obligation bonds - wastewater	1,379,872	1,379,872	-
General obligation bonds - DDA	1,240,000	-	1,240,000
Purchase agreements and capital leases	<u>2,087,777</u>	<u>-</u>	<u>2,087,777</u>
Net direct debt	<u>\$ 5,147,649</u>	<u>\$ 1,379,872</u>	<u>3,767,777</u>
Overlapping debt			
Lenawee County (9.3%)			1,081,236
Tecumseh Public Schools (45.3%)			<u>22,657,885</u>
Net overlapping debt			<u>23,739,121</u>
Net direct and overlapping debt			<u>\$ 27,506,898</u>

Source: 2006 Lenawee County Apportionment Report and L-4029.

CITY OF TECUMSEH, MICHIGAN
Legal Debt Margin
Last Ten Years

Legal Debt Margin Calculation for Fiscal 2008

Assessed value	\$ 295,149,326
Debt limit (10% of assessed value)	\$ 29,514,933
Less: debt applicable to limit - general obligation bonds	3,767,777
Add: amounts available for repayment of general obligation bonds	4,549
Legal debt margin	\$ 25,751,705

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2008	\$ 29,514,933	\$ 3,763,228	\$ 25,751,705	12.75%
2007	28,904,718	1,780,632	27,124,086	6.16%
2006	27,603,882	1,981,229	25,622,653	7.18%
2005	26,571,483	2,110,547	24,460,936	7.94%
2004	25,579,975	1,887,721	23,692,254	7.38%
2003	24,292,869	2,247,721	22,045,148	9.25%
2002	23,078,638	2,597,961	20,480,677	11.26%
2001	21,618,453	1,866,646	19,751,807	8.63%
2000	20,805,598	2,163,171	18,642,427	10.40%
1999	20,230,104	2,437,561	17,792,543	12.05%

Source: City of Tecumseh Treasurer

CITY OF TECUMSEH, MICHIGAN
Revenue Bond Coverage - Water Fund
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>(1) Gross Revenue</u>	<u>(2) Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>Total Debt Service Requirement</u>	<u>Coverage</u>
2008	\$ 595,606	\$ 549,270	\$ 46,336	\$ 68,380	0.68
2007	617,745	545,181	72,564	66,900	1.08
2006	671,129	562,543	108,586	64,760	1.68
2005	644,930	540,390	104,540	62,360	1.68
2004	587,524	539,095	48,429	64,535	0.75
2003	621,406	518,899	102,507	61,853	1.66
2002	630,080	524,184	105,896	63,990	1.65
2001	636,214	469,035	167,179	61,115	2.74
2000	650,330	430,745	219,585	58,433	3.76
1999	636,421	456,408	180,013	59,835	3.01

(1) Includes investment income.

(2) Excludes depreciation expense.

Note: As of June 30, 2008, the water revenue bond was retired.

Demographic and Economic Information

CITY OF TECUMSEH, MICHIGAN
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2007	8,719 (4)	n/a (5)	3,250	8.6%
2006	8,863 (3)	\$ 29,809	3,405	6.9%
2005	8,574 (2)	29,114	3,451	6.9%
2004	8,574 (2)	28,025	3,430	6.5%
2003	8,574 (2)	28,030	3,460	6.6%
2002	8,574 (2)	26,864	3,413	5.9%
2001	8,574 (2)	26,190	3,312	5.3%
2000	8,574 (2)	26,011	3,250	3.3%
1999	8,350 (1)	24,733	3,258	3.2%
1998	8,350 (1)	23,714	3,218	2.9%

<u>Year</u>	<u>Population</u>	<u>Median Age</u>
2000	8,574	36.3
1990	7,462	33.6
1980	7,320	30.0
1970	7,120	27.4
1960	7,045	-
1950	4,020	-

(1) Estimate from prior year used.

(2) Per 2000 Census

(3) Estimate as of July 2005

(4) Estimate as of July 2007

(5) Data not available.

SOURCES:

Population - Michigan Information Center, Department of Management and Budget

School Enrollment - Tecumseh Public Schools

Unemployment Rate - Michigan Department of Career Development

CITY OF TECUMSEH, MICHIGAN
Principal Employers
Current Year and Nine Years Ago (1)

Employer	2008			1999		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Herrick Memorial Hospital	1,250	1	15.67%	1,250	1	15.67%
Tecumseh Public Schools	338	2	4.24%	345	4	4.33%
Lenawee Stamping Corporation	330	3	4.14%	400	3	5.02%
United Bank and Trust	223	4	2.80%	188	5	2.36%
City of Tecumseh	80	5	1.00%	77	8	0.97%
Tecumseh Corrugated Box	60	6	0.75%	178	6	2.23%
Tecumseh Products	42	7	0.53%	1,174	2	14.72%
Lenawee Precision Plastics	40	8	0.50%	-	-	-
Ervin Industries	38	9	0.48%	-	-	-
Ididit	38	10	0.48%	-	-	-
Faraday, Inc.	-	-	-	140	7	1.76%
Glycon, Inc.	-	-	-	36	10	0.45%
Spectrum Printers	-	-	-	39	9	0.49%
	<u>2,439</u>		<u>30.58%</u>	<u>3,827</u>		<u>47.99%</u>

Source: Economic Development Department, City of Tecumseh
Lenawee County Economic Development & Growth
Employer Human Resource Departments

Operating Information

CITY OF TECUMSEH, MICHIGAN
Full-Time Equivalent City Government Employees by Function/Program
Last Five Years (1)

Function/Program	Full-time Equivalent Employees as of June 30				
	2004	2005	2006	2007	2008
General Government					
City Council	7.0	7.0	7.0	7.0	7.0
City Manager	2.0	2.0	2.0	2.0	2.0
City Clerk	3.0	3.0	3.0	3.0	3.0
City Treasurer	3.0	3.0	3.0	3.0	3.0
City Assessor	1.5	1.75	1.75	1.0	1.0
Development Services	3.5	3.5	2.45	2.45	2.45
Economic Development	2.5	2.5	2.75	2.75	2.75
Public Safety					
Police	21.0	22.0	21.0	20.66	17.95
Emergency Services (Fire)	4.0	4.5	4.2	4.03	4.07
Public Works					
Department of Public Works	10.5	9.0	9.0	9.0	9.0
Cemetery	3.0	3.0	2.5	3.0	2.63
Culture & Recreation					
Parks & Recreation	4.0	4.5	4.0	3.8	5.14
Civic Auditorium	3.5	4.5	4.75	4.38	4.03
Public Utilities	11.5	10.0	8.25	8.0	7.0
	<u>80.0</u>	<u>80.3</u>	<u>75.6</u>	<u>74.1</u>	<u>71.0</u>

(1) Only five years were available. Information will be collected and added each year from this point on.

SOURCE: City of Tecumseh

CITY OF TECUMSEH, MICHIGAN
Operating Indicators by Function/Program
Last Ten Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police:										
Number of uniform crime reporting	647	766	377	606	812	489	416	436	368	687
Number of traffic violations	1,572	1,506	584	1,568	1,018	980	944	985	849	1,005
Number of arrests	627	647	279	244	234	237	222	249	320	355
Number of parking violations	24	63	5	34	31	27	23	27	20	14
Fire:										
Number of calls answered	552	606	580	597	622	598	598	685	690	679
Number of inspections conducted	2	2	-	4	8	15	15	10	15	15
Public Works										
Miles of local streets maintained	27	27	28	28	28	28	28	28	28	28
Miles of major streets maintained	16	16	16	16	16.57	16.57	16.57	16.57	16.57	16.57
Culture & Recreation										
Parks & Recreation:										
Basketball participation	323	334	145	212	206	120	181	219	238	227
Soccer participation	1,050	1,067	1,071	949	906	914	951	985	947	877
Floor/inline hockey participation	91	166	147	113	109	87	62	57	51	48
Flag football participation	150	160	193	133	182	193	192	128	128	86
Baseball/softball participation	704	609	446	408	475	530	382	443	412	401
Volleyball participation	86	44	73	65	46	64	93	97	93	83
Tennis lessons	10	14	16	18	21	48	35	70	19	55
Golf lessons	-	40	11	11	15	7	10	18	9	39
Recreation center activities participation	1,517	1,767	1,748	1,678	1,746	2,102	2,550	2,611	2,669	2,704
Picnic shelter rentals	-	-	-	-	-	-	75	91	85	60
Glass room/main room rentals	-	-	-	-	-	-	139	92	107	91
Civic Auditorium:										
Number of shows	a	14	14	14	6	6	6	7	33	27
Average show attendance	a	150	150	150	400	350	300	350	340	340
Number of rentals	a	14	12	13	12	12	14	15	17	46
Public Utilities										
Miles of sanitary sewers maintained	48	49	49	49	49	52	53	53	53	53
Miles of storm sewers	20	20	20	20	20	20	20	20	20	20
Miles of water mains	52	53	53	53	53	56	56	56	56	56
Number of service connections	3,266	3,267	3,410	3,546	3,646	3,689	3,762	3,866	3,874	3,874
Number of fire hydrants	399	399	399	399	399	411	431	431	433	433

Source: City of Tecumseh

CITY OF TECUMSEH, MICHIGAN
Capital Asset Statistics by Function/Program
Last Ten Years

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Police department building	1	1	1	1	1	1	1	1	1	1
Vehicle patrol units:										
Police service automobiles	6	6	6	6	6	6	7	7	7	7
Animal control	-	-	-	-	-	1	1	1	1	1
Temporary lock up	2	2	2	2	2	2	2	2	2	2
Speed trailer	-	-	-	-	-	-	-	1	1	1
Fire:										
Emergency services building	1	1	1	1	1	1	1	1	1	1
Vehicle units:										
Pumper truck	2	2	2	2	2	2	2	2	2	3
Pumper ladder truck	-	-	-	1	1	1	1	1	1	1
Rescue truck	-	-	-	1	1	1	1	1	1	1
Tanker truck	1	1	1	1	1	1	1	1	1	-
Brush truck	1	1	1	1	1	1	1	1	1	1
Jaws of life	-	-	1	1	1	1	1	1	2	2
Chief's city car	1	1	1	1	1	1	1	1	1	1
Trailer	-	-	-	-	1	1	1	1	1	1
Pickup truck	1	1	1	1	1	1	1	1	-	-
Public Works										
Miles of city streets:										
State	16	16	16	16	16.57	16.57	16.57	16.57	16.57	16.57
Local	27	27	28	28	28	28	28	28	28	28
Parks & Recreation										
Parks:										
City	16	16	17	17	17	18	18	19	19	20
Bike/skate	-	1	1	1	1	1	1	1	1	1
Park acreage:										
Active parks	137.3	137.3	137.3	137.3	137.3	137.3	137.3	137.3	137.3	137.3
Passive parks	140.4	140.4	140.4	140.4	140.4	140.4	140.4	140.4	140.4	140.4
Green spaces	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4	37.4	62.4
Picnic areas	4	4	4	4	4	4	4	4	4	4
Historical sites	2	2	2	2	2	2	2	2	2	2
Buildings:										
Recreation center	1	1	1	1	1	1	1	1	1	1
Gazebo	1	1	1	1	1	1	1	1	1	1
Concessions	2	2	2	2	2	2	2	2	2	2
Log cabin	1	1	1	1	1	1	1	1	1	1
Pavilions	5	5	5	5	5	5	5	5	5	5
Swimming beach area	1	1	1	1	1	1	1	1	1	1
Trails:										
Nature	1	1	1	1	1	1	1	1	2	2
Multiuse	3	3	3	3	3	3	3	3	3	4
Playgrounds	4	4	4	4	4	4	4	4	5	5
Water areas:										
Splash pad	-	-	-	-	-	-	-	1	1	1
Tennis courts	5	5	5	5	5	5	5	5	5	5
In-line skating rink	1	1	1	1	1	1	1	1	1	1

Source: City of Tecumseh